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HUMAN SERVICES REAUTHORIZATION ACT AMENDMENTS OF 1986

JUNE 24 (legislative day, JUNE 23), 1986.—Ordered to be printed

Mr. HATCH, from the Committee on Labor and Human Resources, submitted the following

REPORT

[To accompany S. 2444]

The Committee on Labor and Human Resources, to which was referred the bill (S. 2444) the Human Services Reauthorization Act of 1986, having considered the same, reports favorably thereon without amendment and recommends that the bill as amended do pass.

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I. SUMMARY

HEAD START

As reported from Committee, S. 2444 amends and extends the Head Start Act, the Low-Income Home Energy Assistance Act, and the Community Services Block Grant Act through fiscal year 1990. The Dependent Care Act, and the Community Food and Nutrition Act are authorized through Fiscal Year 1989. In addition, S. 2444

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authorizes the funding of two new programs, a demonstration partnership agreement under the Community Services Block Grant addressing the needs of the poor authorized at $10 million annually through 1989 and a Child Development Associate Scholarship Act program authorized at $1.5 million annually through fiscal year 1989.

Authorization levels for Head Start provided in the bill are $1,130,542,000 for fiscal year 1987, $1,175,764,000 for fiscal year 1988, $1,222,795,000 for fiscal year 1989, and $1, 271,717,000 for fiscal year 1990. This reperesents a four percent increase over last year's funding level.

The bill eliminates the cost-of-living adjustment for Indian and Migrant Head Start staff and specifies that the Indian and Migrant programs receive 7.1% of the total Head Start funding. The bill specifies that training and technical assistance shall receive 3% of the total Head Start funding. The bill clarifies that the Head Start agencies should coordinate their programs with State and local preschool services and child daycare programs. The bill also continues through 1990 a prohibition of any administrative revision in Head Start's criteria for eligibility which would result in any reduction in, or exclusion from, participation of persons in the program.

DEPENDENT CARE

An amendment to P.L. 98-578, the Human Services Reauthorization Act of 1984, authorized funding for the Dependent Care programs at $20 million a year through 1986. S. 2444 extends this authorization through 1989. The bill provides that the listing of the types of information of dependent care services made available by Dependent Care resource and referral systems are desired rather than requires. The bill does require the States to provide assurances that resource and referral programs receiving grant funds under this Act will not list programs that are not in compliance with State and local laws and that the information that is provided is complete and kept up to date. S. 2444 eliminates the preference that is contained in the Act toward school-based child care programs thus enabling community based childcare providers to compete on equal basis for funding available under this Act. The bill also clarifies the definition of a school-aged child and the types of licensing laws and regulations which grantees must comply with in order to be eligible for federal financial assistance under this Act.

LOW INCOME ENERGY ASSISTANCE PROGRAM

Authorizations for the Low Income Home Energy Assistance program are $2,163,000,000 for Fiscal Year 1987, $2,227,890,000 for Fiscal Year 1988, $2,294,726,000 for Fiscal Year 1989 and $2,363,567,000 for Fiscal Year 1990. this represents a 3% increase over the previous year's funding and for each subsequent year.

The bill reiterates that LIHEAP payments or allowances can not be used in determining the eligibility of individuals applying for other public assistance programs. It stipulates that community based organizations such as Agencies on Aging or Community Action Programs are the types of entities which must administer at least a part of the Energy Crisis portion of the program. The bill

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provides the Secretary with more flexibility in the manner in which he determines the amount of a grant to Indian tribes. S. 2444 reorganizes the requirements for the annual application that the States must submit each year and includes new language to stress that the neediest households receive maximum assistance under LIHEAP.

COMMUNITY SERVICES BLOCK GRANT

Authorization levels for the Community Services Block Grant are $381,409,000 for fiscal year 1987, $392,851,000 for fiscal year 1988, $404,636,000 for fiscal year 1989 and $416,775,000 for fiscal year 1990. The Community Food and Nutrition program is authorized at $2.5 million annually through 1989 and a new program for the development and implementation of innovative approaches to poor is authorized at $10 million annually through 1989.

The definition of an entity eligible to receive funds under this block grant is expanded and the provisions regarding transfer of up to 5% of states allotment of CSBG funds is clarified. The bill modifies the duties of the Secretary regarding a proposal of a State to terminate funding to an entity. The bill requires the Secretary to assume funding to an eligibility entity if a state terminates funding prior to completion of its own procedures and requires the Secretary to provide a written review including the reasons for approving or disapproving the State's action in terminating funding to an eligible entity. S. 2444 increases the areas of evaluation and fiscal review that the Secretary of HHS should cover in their review of the States compliance with the provisions of the Act. It requires the Secretary to evaluate how the grants given under this Act are impacting on children, homeless families and elderly poor. The Secretary shall send recommendations to the States on how to enhance their programs serving the disadvantaged and the States will be required to submit a plan of action on how they will act upon the Secretary's recommendations.

The legislation details the authorized uses of the Secretary's discretionary funds under the CSBG, clarifies what is meant by a community development corporation, and directs the Secretary to give special priority to rural community assistance programs under the special emphasis program on rural housing and community facilities development. S. 2444 directs the Secretary to reserve $100,000 from administrative expenses to fund a national conference that will review the past approaches to problems of poverty and develop strategy for future approaches. The bill directs the Secretary to provide a summary of projects funded under the discretionary grants, including a list of grantees who received their awards outside of the competitive process and submit this list annually to the Chairmen of the House and Senate Committees of jurisdiction over CSBG.

CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ACT

A new program of scholarships for candidates for a Child Development Association credential is authorized at $1.5 million annually through 1990. S. 2444 sets forth the criteria for eligibility for the scholarships, the assurances that the State applying for the grants

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must make to the Secretary and specifies the manner in which the Secretary shall distribute these funds to the States and territories. The bill requires the States receiving grants under this Act to submit an annual report detailing the number of individuals receiving assistance under this Act and how the CDA credential improved the candidates, financial status.

II. Background for Legislation

TITLE I

Head Start is a program intended to improve the health and the educational and social development of primarily low-income preschool children between the ages of three and compulsory school attendance. It is currently authorized through fiscal year 1986 under the Head Start Act of 1981, as amended (first enacted as title IV, subchapter 8-B of the Omnibus Budget Reconciliation Act of 1981, P.L. 97-35). The program is designed to bridge the gap in early childhood development between economically disadvantaged preschool children and their more advantaged peers. Because of the recognition that parents play the most important role in a child's development, the program stresses parent participation and involvement in both the development and operation of the programs.

Head Start evolved from a 1965 community action pilot program "Project Head Start," established under the authority of title II-A of the Economic Opportunity Act of 1964 (P.L. 88-452) to address such problems of poor children as poor nutrition, health status, and educational performance. It was believed that improving children's learning and social skills as well as their health and nutrition would improve their chances for breaking out of the cycle of poverty. In the first summer of operation, 240 of the 300 poorest counties in the U.S. developed Head Start projects.

The 1966 amendments to the Economic Opportunity Act included provisions requiring the Office of Economic Opportunity to carry out Head Start programs through community action programs. This was the first time that Head Start was specifically mentioned in the Economic Opportunity Act. The 1966 amendments also earmarked $352 million of the title II authorization for Head Start for fiscal year 1967. Actual funding for Head Start that year was $349.2 million.

Head Start has grown rapidly since 1966. Since that time, the criteria for distributing Head Start funds has been amended several times, requirements that services be provided for certain children with special needs have been added, and the responsibility for administering the Head Start program has been transferred from the Office of Economic Opportunity to what is now the Administration for Children, Youth and Families in the Office of Human Development Services of the Department of Health and Human Services.

The Human Services Reauthorization Act (P.L. 98-558), enacted Oct. 30, 1984, extended the authorization for Head Start through FY 1986 and authorized $1.093 million for FY 1985 and $1.221 million for FY 1986. In FY 1985, there were more than 1,300 Head

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Start grantees, serving more than 2,000 communities. The number of children enrolled in FY 1985 was 452,080.

Head Start has proven to be very popular and, on the basis of a number of studies, appears to be effective in helping low-Income children in their learning and development through increasing cognitive outcomes. In addition, the role of Head Start in providing educational and nutritional benefits, arranging for medical and dental services, and employing and providing training for parents of Head Start children has been praised.

TITLE II

The Human Services Reauthorization Act (P.L. 98-558), enacted Oct. 30, 1984, authorized a new State grant program for dependent care planning and development and authorized $20 million for the program for each of FY 1985 and 1986.

The dependent care State program provides for 75 percent matching grants to States for dependent care services before and after school in public or private school facilities or in community centers when school facilities are not available; and for local resource and referral systems providing information on dependent care services. 60 percent of the funds are for school-age child care services and 40 percent are for the resource and referral systems. Funds for this program were first appropriated for FY 1986.

TITLE III

In April 1980, the Home Energy Assistance Act was passed by Congress as part of the Crude Oil Windfall Profit Tax Act of 1980 (P.L. 96-223), thereby establishing the Low-Income Home Energy Assistance Program, a program of grants to States, Indian tribes, and the territories designed to assist low-income families in meeting the rising cost of home energy. The program set up by the Home Energy Assistance Act was an extension of a series of one-year programs between fiscal years 1977 and 1979, funded at $200 million annually and administered by the Community Services Administration. Those earlier efforts were primarily crisis-oriented, intended to address such energy-related emergencies as the breakdown of a primary heating source and generally provided only cash payments for heating or in-kind benefits such as blankets or space heaters.

For fiscal year 1980, in response to a doubling in the price of home heating oil between the winters of 1979 and 1980, Congress dramatically increased funding to $1.6 billion and created a three-part assistance program: $400 million to the Community Services Administration to continue its crisis intervention program, $400 million to the Department of Health and Human Services for one-time payments to recipients of Supplemental Security Income, and $800 million to the Department of Health and Human Services for distribution to States to provide supplemental energy assistance. Subsequently, the Home Energy Assistance Act broadened available assistance to include cooling assistance, when medically necessary.

For fiscal year 1981, $3.12 billion was authorized for the Low-Income Home Energy Assistance Program; $1.85 billion was appro-

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priated. Federal funds were allocated to States based on each State's climate, residential energy expenditures, and relative share of the low-income population. States were required to meet specific Federal criteria to receive funds, and each State's plan had to be approved by the Department of Health and Human Services. Federal guidelines required that each State plan describe the form of assistance (cash vouchers, vendor payments, or other), assure that renters would be served, give priority to the aged, the disabled, and the lowest-income households, and ensure that the benefits provided would be used primarily to offset the cost of home heating.

In fiscal year 1982, the Low-Income Home Energy Assistance Program was reauthorized through fiscal year 1984 in P.L. 97-35, the Omnibus Budget Reconciliation Act of 1981. The scope of the program grew considerably which Federal requirements for program design were fewer.

The program now permits three basic types of energy-related aid. States can make payments to help households pay their fuel bills for either heating or cooling; States can use up to 15 percent of their allotments for low-cost weatherization; States are required to reserve a "reasonable" amount of their allotments to provide energy-related emergency assistance.

States set actual eligibility guidelines, but Federal funds may be used only for households with a categorically eligible member or with a household income below either 150 percent of poverty or 60 percent of a State's median income. Categorical eligibility is based on receipt of Aid to Families with Dependent Children, food stamps, SSI, or certain veterans' pensions.

States are permitted to transfer up to 10 percent of their allotments into certain block grant programs (Social Services Block Grant, Maternal and Child Health Services Block Grant, Community Services Block Grant, and Preventive Health Block Grant).

Authorizations for the Low-Income Home Energy Assistance Program were set at $1.875 billion for each of the fiscal years 1982 through 1984. Appropriations for those years were $1.875 billion, $1.975 billion, and $2.075 billion, respectively. Additional appropriations were enacted due largely to a continuing increase in the price of natural gas and severe winter weather.

The Human Services Reauthorization Act of 1984 (P.L. 98-588) reauthorized the Low-Income Home Energy Assistance program for fiscal years 1985 and 1986 and made several significant changes to the program. Under the Act, State allocations are based on the percentage of home energy expenditures made by low-income households in each State relative to such expenditures in all States. However, beginning in fiscal year 1986, the Act prevents any State from receiving less under the new allocation method than it would have received in fiscal year 1984 under the old allocation method if the total appropriation had been $1.975 billion.

The Act also reduces the amount of funds that States can carry over to the next fiscal year from 25 percent to 15 percent. Further, effective fiscal year 1986, the Act prohibits States from: (1) establishing income eligibility criteria that are less than 110 percent of the poverty level, and (2) treating categorically eligible and income eligible households differently.

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The Act authorized $2.140 billion for fiscal year 1985 and $2.275 billion for fiscal year 1986. The Low-Income Home Energy Assistance Program received appropriations of $2.1 billion for each of fiscal years 1985 and 1986 from P.L. 98-619 and P.L. 99-178, respectively.

The Committee has found that the LIHEAP amendments enacted in 1984 have largely corrected the deficiencies in the program noted by the Committee at that time. However, the Committee did identify several areas where further strengthening of the statute or clarification of Congressional intent is necessary. Therefore, the Committee adopted a number of provisions, as discussed in the Committee Views section of this Report.

TITLE IV

The Community Services Block Grant program was enacted in 1981, but the antecedent program actually dates back to 1964 with the enactment of the Economic Opportunity Act. The administering agency, the Office of Economic Opportunity, was the key agency in the "War on Poverty;" in 1975 the agency was redesignated as the Community Services Administration (CSA). During the 17-year history of Office of Economic Opportunity/Community Services Administration, numerous antipoverty programs, including Head Start, Low-Income Home Energy Assistance, Job Corps, weatherization and legal services, were begun and spun off to other Federal agencies. The Office of Economic Opportunity budget peaked in fiscal years 1969 and 1970, with annual funding in those years of $1.9 billion. The funding then steadily declined until the Community Services Administration's last year of existence in fiscal year 1981 when appropriations were $526.4 million.

The Community Services Administration was abolished and the Community Services Block Grant Act was created as a part of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35) in response to the Reagan Administration's effort to transfer greater decision-making in social programs to the State level. Under the provisions of the Omnibus Budget Reconciliation Act, the Community Services Block Grant program began operating in fiscal year 1982, administered by a newly created Office of Community Services within the Department of Health and Human Services. P.L. 97-35 authorized the Community Services Block Grant through fiscal year 1986. The Human Services Reauthorization Act of 1984 (P.L. 98-558) increased authorization levels to $400 million in fiscal year 1985 and $415 million in fiscal year 1986. Among other things, this legislation made permanent the previous temporary requirement that States pass through at least 90 percent of their allotments to former CSA and certain other grantees. The 1984 amendments also authorized $2.5 million for each of fiscal years 1985 and 1986 for community food and nutrition programs.

Community Services Block Grant funds are allocated to States according to the relative amounts they received from Community Services Administration in fiscal year 1981. The legislation directs States to use the funds for services and activities that will have a "measurable and potentially major impact" on the causes of poverty. States are required to use at least 90 percent of their allotment

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to fund former CSA grantes, primarily Community Action Agencies, and migrant and seasonal farmworker organizations. However, no more than 7 percent of the pass through funds may be granted to organizations which were not eligible entities the previous year. There are 860 Community Action Agencies nationwide receiving funds under this pass through provision according to the Department of Health and Human Services.

Community Action Agencies use Community Services Block Grant funds for administration and antipoverty activiteis and also receive grants from other Federal, State and local agencies to administer related programs. For example, Community Action Agencies frequently operate Head Start programs, low-income home energy assistance, weatherization programs, commodity distribution programs funded by the Department of Agriculture, employment and training programs, meals and other programs funded under the Older Americans Act, and volunteer programs funded under ACTION.

In addition to the block grants to States, the Community Services Block Grant Act also authorizes related discretionary activities to be administered throuh the Office of Community Services at the Department of Health and Human Services. The legislation specifies that the Secretary of Health and Human Services may reserve up to 9 percent of Community Services Block Grant appropriations each year for these discretionary activities. In fiscal years 1982 through 1986, these discretionary activities have included community economic development, rural housing, services for migrant and seasonal farmworkers, and the National Youth Sports Program for disadvantaged younsters. All these activities previously had been operated under the Community Services Administration, and in many cases they are administered at the local level by Community Action Agencies.

III. Test of Bill as Reported

A BILL To reauthorize the Head Start Act, the Low-Income Home Energy Assistance Act of 1981, the Community Services Block Grant Act, the dependent care State grant program, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Human Services Reauthorization Act of 1986".

TITLE I—THE HEAD START PROGRAM

REAUTHORIZATION

Sec. 101. Section 639 of the Head Start Act (42 U.S.C. 9834) (hereafter in this title referred to as the "Act") is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"Sec. 639. There are authorized to be appropriated for carrying out the provisions of this subchapter $1,130,542,000 for fiscal year 1987, $1,175,764,000 for fiscal year 1988, $1,222,795,000 for fiscal year 1989, and $1,271,717,000 for fiscal year 1990.".

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ALLOTMENT OF FUNDS

SEC. 102. (a) INDIAN AND MIGRANT PROGRAMS.—Section 640(a)(2)(A) of the Act is amended to read as follows:

"(A) Indian and migrant Head Start programs and services for handicapped children, except that there shall be made available for use by Indian and migrant Head Start programs, on a nationwide basis, 7½0 percent of the total amount of funds available for this subchapter during such fiscal year;".

(b) TRAINING AND TECHNICAL ASSISTANCE.—The second sentence of section 640(a)(2) of the Act is amended to read as follows: "In any fiscal year in which the appropriation for which the program authorized by this subchapter is less than the amount appropriated for fiscal year 1984, the minimum reservation contained in clause (C) of this paragraph shall not apply and the amount reserved for training and technical assistance activities described in such clause (C) shall be 3 percent of the total amount available during such fiscal year for this subchapter.".

COORDINATION

SEC. 103. Section 642(c) of the Act is amended by inserting before "programs" the following: "State and local".

PARTICIPATION IN HEAD START PROGRAMS

SEC. 104. Section 645(a) of the Act is amended by striking out "1986" and by inserting "1990".

TITLE II—THE DEPENDENT CARE STATE GRANT PROGRAM

REAUTHORIZATION

SEC. 201. Section 670A of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9871) (hereafter in this title referred to as the "Act"), relating to grants to States for planning and development of dependent care programs, and for other purposes, is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 670A. For the purpose of allotments to States to carry out the activities described in section 670D, there are authorized to be appropriated $20,000,000 for the fiscal year 1987 and for each of the two succeeding fiscal years.".

AMENDMENTS ON DEPENDENT CARE SERVICES INFORMATION; LICENSING

SEC. 202. (a) DEPENDENT CARE SERVICES INFORMATION.—Subsection (a) of section 670D of the Act is amended—

(1) by inserting "(1)" after the subsection designation;

(2) by striking out "shall" in the second sentence and inserting in lieu thereof "may";

(3) by redesignating clauses (1), (2), (3), (4), (5), (6), and (7) in the second sentence as clauses (A), (B), (C), (D), (E), (F), and (G), respectively; and

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(4) by striking out the third sentence and inserting in lieu thereof the following:

"(2) The State, with respect to the uses of funds described in paragraph (1) of this subsection shall—

"(A) provide assurances that no information will be included with respect to any dependent care services which are not provided in compliance with the laws of the State and localities in which such services are provided; and

"(B) provide assurances that the information provided will be the latest information available and will be kept up to date.".

(b) SCHOOL-AGE CHILD CARE SERVICES.—(1) Section 670D(b)(1) of the Act is amended by striking out "where school facilities are not available".

(2) Section 670D(b)(2)(E) of the Act is amended by inserting before "licensing laws" the following: "child care".

SCHOOL-AGE CHILD DEFINITION

SEC. 203. Section 670G(7) of the Act is amended by inserting before the semicolon a comma and the following: "except that in any State which by State law children at an earlier age are provided free public education, the age provided in State law shall be substituted for age five".

SHORT TITLE

SEC. 204. Chapter 8 of title VI of the Act is amended by adding at the end thereof the following new section:

"SHORT TITLE

"SEC. 670H. This subchapter may be cited as the 'State Dependent Care Development Grants Act'.".

TITLE III—LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

REAUTHORIZATION

SEC. 301. Section 2602(b) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621(b)) (hereafter in this title referred to as the "Act") is amended to read as follows:

"(b) There is authorized to be appropriated to carry out the provisions of this title, $2,163,000,000 for the fiscal year 1987, $2,227,890,000 for the fiscal year 1988, $2,294,726,000 for the fiscal year 1989, and $2,363,567,000 for the fiscal year 1990.".

ADMINISTRATION OF ENERGY CRISIS INTERVENTION PROGRAM

SEC. 302. Section 2604(c) of the Act is amended by inserting at the end thereof the following: "Such entities shall include community-based organizations (such as agencies on aging or community action programs).".

CALCULATION OF GRANTS TO INDIAN TRIBES

SEC. 303. Section 2604(d)(2) of the Act is amended—

(1) by striking out "in such State with respect to which a determination under this subsection is made" and inserting in

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lieu thereof "and residing within the State on the reservation of the tribes or on trust lands adjacent to such reservation";

(2) by inserting before the period at the end of such section a comma and the following: "or such greater amount as the Indian tribe and the State may agree upon"; and

(3) by adding at the end thereof the following: "In cases where a tribe has no reservation, the Secretary, in consultation with the tribe and the State, shall define the number of Indian households for the determination under this paragraph.".

APPLICATIONS AND REQUIREMENTS

SEC. 304. (a) STATE PROCEDURES.—Section 2605(b)(5) of the Act is amended—

(1) by striking out ", in a manner consistent with the efficient and timely payment of benefits,"; and

(2) by inserting after "size" a comma and the following: "assure that the neediest households receive the maximum assistance, and provide timely and efficient payment of benefits".

(b) CONFORMING AMENDMENTS.—Section 2605(b) of the Act is amended—

(1) by striking out clauses (14), (15), and (16);

(2) by inserting "and" at the end of clause (13); and

(3) by redesignating clause (17) as clause (14).

CONTENTS OF STATE PLAN

SEC. 305. Section 2605(c)(1) of the Act is amended by striking out clauses (A) through (E) and inserting in lieu thereof the following:

"(A) describes the eligibility requirements to be used by the State for each type of assistance to be provided under this title, including criteria for designating an emergency under section 2604(c);

"(B) describes the benefit levels to be used by the States for each type of assistance including assistance to be provided for emergency crisis intervention and for weatherization and other energy-related home repair;

"(C) contains estimates of the amount of funds the State will use for each of the programs under such plan and describes the alternative use of funds reserved under section 2504(c) in the event any portion of the amount so reserved is not expended for emergencies;

"(D) describes weatherization and other energy-related home repair the State will provide under subsection (k);

"(E) describes how the State will carry out assurances in clauses (3), (4), (5), (6), (7), (8), (10), (12), and (13) of subsection (b); and

"(F) contains any other information determined by the Secretary to be appropriate for purposes of this title.".

CONSISTENT TREATMENT OF ENERGY ASSISTANCE PAYMENTS

SEC. 306. (a) TREATMENT OF PAYMENTS.—Section 2605(f) of the Act (42 U.S.C. 8624(f)) is amended—

(1) by inserting "(1)" after the subsection designation;

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(2) by striking out "provided to" and inserting in lieu thereof "provided directly to, or indirectly for the benefit of,"; and

(3) by adding at the end thereof the following new paragraph:

"(2) In carrying out the provisions of paragraph (1), for purposes of determining any excess shelter expense deduction under section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e))—

"(A) the full amount of such payments or allowances shall be deemed to be expended by such household for heating or cooling expenses, without regard to whether such payments or allowances are provided directly to, or indirectly for the benefit of, such household; and

"(B) no distinction may be made among households on the basis of whether such payments or allowances are provided directly to, or indirectly for the benefit of, any of such households.".

(b) EFFECTIVE DATE.—The amendments made by this section shall become effective on October 1, 1986, or on the date of the enactment of this Act, whichever is later.

TITLE IV—COMMUNITY SERVICES BLOCK GRANT

REAUTHORIZATION

SEC. 401. (a) GENERAL AUTHORIZATION.—Section 672(b) of the Community Services Block Grant Act (42 U.S.C. 9901) (hereafter in this title referred to as the "Act") is amended by adding at the end thereof the following new sentence: "There is authorized to be appropriated $381,409,000 for the fiscal year 1987, $392,851,000 for the fiscal year 1988, $404,636,000 for the fiscal year 1989, and $416,775,000 for the fiscal year 1990, to carry out the provisions of this subtitle.".

(b) COMMUNITY FOOD AND NUTRITION.—Section 681A(b) of the Act is amended by striking out "1985 and 1986" and inserting in lieu thereof "1987, 1988, and 1989".

DEFINITION; ELIGIBLE ENTITY

SEC. 402. The first sentence of section 673 of the Act is amended by inserting after "1981" a comma and the following: "or which came into existence during fiscal year 1982 as a direct successor in interest to such a community action agency or community action program and meets all the requirements under section 675(c)(3) of this Act with respect to the composition of the board.".

REQUIREMENTS

SEC. 403. (a) TRANSFER AUTHORITY.—Section 675(c)(5) of the Act is amended to read as follows:

"(5) provide assurances that the State may transfer funds, but not to exceed 5 percent of its allotment under section 674, to increase the level of assistance otherwise available to eligible entities under this subtitle, to support services under the Older Americans Act of 1965, the Head Start program under subchapter B of chapter 8 of subtitle A of this title, the energy crisis intervention program under title 26 of this Act (relating

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to low-income home energy assistance), or the Temporary Emergency Food Assistance Act of 1983, or to provide assistance for State awarded discretionary grants to contribute to the goals of this subchapter to address the causes of poverty, except that the State may not transfer any funds which would diminish the requirement of the State under clause (2)(A) of this subsection;".

(b) TERMINATION PROCEDURES.—(1) Section 675(c)(11) of the Act is amended by inserting after "subject to" the following: "the procedures and".

(2) Section 676A of the Act is amended—

(A) by redesignating the section as subsection (b), and

(B) by inserting before the redesignated subsection (b) the following:

"SEC. 676A. (a) Whenever a State violates the assurances contained in section 675(c)(11) and terminates the funding of a community action agency or migrant and seasonal farmworker organization prior to the completion of the State's hearing and the Secretary's review as required in section 679 of this Act, the Secretary shall assume responsibility for providing financial assistance to the community action agency or migrant and seasonal farmworker organization affected.".

(3) Section 676A of the Act, as amended by this subsection, is further amended by adding at the end thereof the following:

"(c) The Secretary shall conduct the review through the Office of Community Services, which shall promptly conduct such review and issue a written determination together with the reasons of the Secretary therefor.".

(4) The heading of section 676A of the Act is amended to read as follows:

"PROCEDURES FOR A REVIEW OF TERMINATION OF FUNDING".

(c) REPEAL OF EXECUTED PROVISION.—The last sentence of section 675(c) is repealed.

FISCAL EVALUATIONS

SEC. 404. (a) GENERAL RULE.—Section 679(b)(1) of the Act is amended—

(1) by inserting "evaluations and" after "fiscal year";

(2) by adding before the period at the end thereof a comma and the following: "and especially with respect to compliance with sections 672(a), 675(b), and (c)(1) through (11)"; and

(3) by adding at the end thereof the following new sentences: "Such evaluation shall include identifying the impact that assistance furnished under this subtitle has on children, homeless families, and the elderly poor. A report of the evaluation, together with recommendations of improvements designed to enhance the benefit and impact to people in need, will be sent to each State evaluated. Upon receiving the report the State will then submit a plan of action in response to the recommendation contained in the report. The results of such evaluation shall be submitted annually to the Chairman of the Committee on Education and Labor of House of Representatives and the

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Chairman of the Committee of Labor and Human Resources of the Senate.".

(b) CONFORMING AMENDMENT.—Section 675(i) is repealed.

DISCRETIONARY AUTHORITY

SEC. 405. (a) GENERAL RULE.—(1) The matter preceding clause (1) of section 681(a) of the Act is amended—

(A) by striking out "is authorized, either directly or through" and inserting in lieu thereof "is authorized to make"; and

(B) by inserting before "contracts" the following: "to enter into".

(2) Section 681(a)(1) of the Act is amended by inserting before the semicolon a comma and the following: "including national conferences, newsletters, and collection and dissemination of data about programs and projects assisted under this subtitle".

(3) Section 681(a)(2)(A) of the Act is amended to read as follows:

"(A) special programs of assistance, awarded on a competitive basis, to private, locally initiated nonprofit community development corporations, (or affiliates of such corporations) governed by a board consisting of residents of the community and business and civic leaders, which sponsor enterprises providing employment and business development opportunities for low-income residents of the community designed to increase business and employment opportunities in the community;".

(4) Section 681(a)(2)(B) of the Act is amended by inserting before the semicolon the following: "except that loans to borrowers made after the date of enactment of the Food Security Act of 1985 and prior to the date of enactment of the Human Services Reauthorization Act of 1986 shall be transferred to and administered by the Secretary of Agriculture subject to the provisions of the Food Security Act of 1985".

(5) Section 681(a)(2)(D) of the Act is amended by inserting before the semicolon a comma and the following: "with special priority to rural community assistance programs".

(b) NATIONAL CONFERENCE PROVISIONS.—Section 681 of the Act is amended—

(1) by redesignating subsection (b) as subsection (d); and

(2) by adding after subsection (a) the following new subsections:

"(b)(1) The Secretary shall appoint an Advisory Panel consisting of nine members which shall be convened to develop and hold a national conference designed to promote a full exchange of information on past approaches to the problems of poverty in the formulation of innovative plans for future methods of attacking the causes of poverty and the encouragement of self-sufficiency of the poor in the United States.

"(2) The membership of the Advisory Panel shall consist of—

"(A) three members elected by the directors of eligible entities receiving assistance under this subtitle;

"(B) two representatives selected by the National Association of State Community Service Programs;

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"(C) one member of the Office of Community Services appointed by the Secretary;

"(D) one member appointed by the Secretary; and

"(E) two members elected by the members of the panel described in clauses (A) through (D) before the first meeting of the Advisory Panel.

The two members of the Advisory Panel selected under clause (E) shall represent nonprofit eleemosynary organizations, members of academic community, or charitable foundations, and have a history of involvement in self-sufficiency programs for the poor, the elimination of the causes of poverty, or the study of the underpinnings of poverty.

"(3) The Secretary shall from amounts appropriated for administrative expenses for the Department, reserve $100,000 to carry out the provisions of this subsection.

"(c)(1) The final reports on projects completed with assistance made under this section to be summarized and presented annually to the Chairman of the Committee on Education and Labor of the House of Representatives and the Chairman of the Committee on Labor and Human Resources of the Senate. The report shall contain a list of grantees who have received funds under this section outside of the competitive process.

"(2) The Secretary shall, at the end of each fiscal year, prepare and distribute a catalog listing all the projects assisted under clause (A) of subsection (a)(2) in that year. The catalog shall include—

"(A) a description of each project;

"(B) an identification of the agency receiving the award, including the name and address of the principal investigator;

"(C) a description of the project objectives; and

"(D) a statement of the accomplishments of the project.".

DEMONSTRATION PARTNERSHIP AGREEMENTS ADDRESSING THE NEEDS OF THE POOR

SEC. 406. (a) GENERAL AUTHORITY.—(1) In order to provide for the self-sufficiency of the Nation's poor, the Secretary may make grants from funds appropriated pursuant to subsection (e) to eligible entities for the development and implementation of new and innovative approaches to deal with particularly critical needs or problems of the poor which are common to a number of communities. Grants may be made only with respect to applications which—

(A) involve activities which can be incorporated into or be closely coordinated with eligible entities' ongoing programs;

(B) involve significant new combinations of resources or new and innovative approaches involving partnership agreements; or

(C) are structured in a way that will, within the limits of the type of assistance or activities contemplated, most fully and effectively promote the purposes of the Community Services Block Grant Act.

(2) No grant may be made under this section unless an application is submitted to the Secretary at such time, in such manner,

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and containing or accompanied by such information, as the Secretary may require.

(b) FEDERAL SHARE; LIMITATIONS.—(1) Grants awarded pursuant to this section shall be used for new programs and shall not exceed 50 per centum of the cost of such new programs.

(2) Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services.

(3) No more than one grant may be made to any eligible entity and no grant may exceed $250,000.

(4) No application may be approved for assistance under this section unless the Secretary is satisfied that—

(A) the activities to be carried out under the application will be in addition to, and not in substitution for, activities previously carried on without Federal assistance; and

(B) funds or other resources devoted to programs designed to meet the needs of the poor within the community, area, or State will not be diminished in order to provide the matching contributions required under this section.

(c) DISSEMINATION OF RESULTS.—As soon as practicable, but no later than 90 days after the expiration of any grant awarded under this section, the Secretary shall prepare and make available upon request to each State and eligible entity descriptions of the demonstration programs assisted under this section, any relevant information developed and results achieved, so as to provide models for innovative programs to other eligible entities.

(d) DEFINITIONS.—As used in this section, the term—

(1) "eligible entity" has the same meaning given that term by section 673(1) of the Community Services Block Grant Act; and

(2) "Secretary" means the Secretary of Health and Human Services.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 for each of the fiscal years 1987, 1988, and 1989, to carry out this section.

TITLE V—CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE PROGRAM

SHORT TITLE

SEC. 501. This Act may be cited as the "Child Development Associate Scholarship Assistance Act of 1985".

GRANTS AUTHORIZED

SEC. 502. The Secretary is authorized to make a grant for any fiscal year to any State receiving a grant under title XX of the Social Security Act for such fiscal year to enable such State to award scholarships to eligible individuals within the State who are candidates for the Child Development Associate credential.

APPLICATIONS

SEC. 503. (a) APPLICATION REQUIRED.—A State desiring to participate in the grant program established by this title shall submit an

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application to the Secretary in such form as the Secretary may require.

(b) CONTENTS OF APPLICATIONS.—A State's application shall contain appropriate assurances that—

(1) scholarship assistance made available with funds provided under this title will be awarded—

(A) only to eligible individuals,

(B) on the basis of the financial need of such individuals, and

(C) in amounts sufficient to cover the cost of application, assessment, and credentialling for the Child Development Associate credential for such individuals; and

(2) not more than 10 percent of the funds received by the State under this title will be used for the costs of administering the program established in such State to award such assistance.

(c) EQUITABLE DISTRIBUTION.—In making grants under this title, the Secretary shall—

(1) distribute such grants equitably among States in the various regions of the Nation, and

(2) ensure that the needs of rural and urban areas are appropriately addressed.

DEFINITIONS

SEC. 504. As used in this title—

(1) "eligible individual" means a candidate for the Child Development Associate credential whose income does not exceed the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), by more than 50 percent;

(2) "Secretary" means the Secretary of Health and Human Services;

(3) "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

ADMINISTRATIVE PROVISIONS

SEC. 505. (a) REPORTING.—Each State receiving grants under this title shall annually submit to the Secretary information on the number of eligible individuals assisted under the grant program, and their positions and salaries before and after receiving the Child Development Associate credential.

(b) PAYMENTS.—Payments pursuant to grants made under this title may be made in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments, as the Secretary may determine.

AUTHORIZATION OF APPROPRIATIONS

SEC. 506. There are authorized to be appropriated $1,500,000 for the fiscal year 1987 and for each succeeding fiscal year ending prior to October 1, 1990, for carrying out the provisions of this title.

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IV. Committee Action

The Subcommittee on Children, Family, Drugs and Alcoholism conducted a hearing on February 27 on the reauthorization of the Head Start program, March 6th on the reauthorization of the Dependent Care programs, March 13th on the reauthorization of the Low Income Home Energy programs and March 20th on the reauthorization of the Community Services Block Grant.

Witnesses at the February 27th hearing on Head Start included: Dorcas Hardy, Assistant Secretry for Human Development Services, Department of Health and Human Services; Sarah M. Greene, President, National Head Start Association; Dr. Mary Ann Hutchinson, Project Director for Strengthening Head Start Families, Latin American Civil Association of Head Start, representing the American Psychological Association, Dr. Marilyn M. Smith, Executive Director, National Association for the Education of Young Children; Becky Price-Davidson, a Head Start graduate from Logan, Utah, and Maria Flores, a Head Start Parent from South Norwalk, Connecticut.

Witnesses at the March 6th hearing included: Senator Donald Riegle, Jr.; Edwrd Zigler, Director, Bush Center in Child Development and Social Policy at Yale University, New Haven, Connecticut; Margaret Gates, National Executive Director of Girls Clubs of America, and Chairman of the National Collaboration for Youth; Suzann Sutton Nowels, Vice President, the Junior League of Salt Lake City, Utah; and Joseph Mathos, supervisor for Adult and Community Education, Dade County Public School System, Miami, Florida.

Witnesses at the March 20th hearing included: Jerrold B. Speers, Acting Director, Office of Community Services, Department of Health and Human Services, J. William Gadsby, Associate Director of Human Resources, U.S. General Accounting Office, Xavier L. Suarez, Mayor of Miami, Florida, and past Board member of the Dade County Community Action Agency; James Lynch, Director of Local Government Affairs, Iowa Office of Planning and Programming, representing the National Association of State Community Service Programs; Mary Blatch of Miami, Florida, a past recipient of Community Action Agency services, Donald Stricker, Director of Wood-Sandusky-Ottawa-Seneca Counties Community Action Commission in Freemont, Ohio; and David Bradley, National Community Action Foundation, Washington D.C.

Witnesses at the March 27th hearing were: Jo Anne Ross, Associate Commissioner for Family Assistance, Social Security Administration, Department of Health and Human Services; J. William Gadsby, Associate Director, Human Resources Division, U.S. General Accounting Office, Washington, D.C.; Shirley Marcus, Chair, National Energy Assistant Director's Association, S. Dianne Kelley, Department Director, Tribal Services and Employment and Training Departments, Cherokee National of Oklahoma; and Robert Hatheway, President, New England Community Action Program Association, Low Income Planning Agency, South Windsor, Connecticut.

The Subcommittee considered all of the bills dealing with human services programs that were referred to it including S. 2165, by

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Senator Gorton dealing with limits on LIHEAP spending for weatherization; S. 2327, by Senator Gramm, which specified the method of allocating funds to the States under LIHEAP; S. 806, by Senator Riegle regarding the expansion of the Dependent Care Grant program and S. 2438, by Senator Hatch regarding the reauthorization of Head Start and the availability of unemployment compensation for Head Start staff. Provisions from S. 2081, the Human Services Reauthorization Act, introduced by Senator Stafford, S. 2386; the Dependent Care Development Reauthorization Act, introduced by Senator Hatch; and S. 804, the CDA Scholarship Assistance Act introduced by Senator Dodd into S. 2444, were incorporated into the Human Services Reauthorization Act of 1986. S. 2444 was introduced on May 13, 1985. S. 2444 was favorably reported out of the Senate Labor and Human Resources Committee on May 20, 1986 by voice vote with no amendments.

V. Committee Views

TITLE I—THE HEAD START PROGRAM

Authorization Levels

During the past five years, Head Start has provided physical, dental, mental health, educational, nutritional, and social services to more than 2 million preschool children and their families throughout the nation. Results of longitudinal studies indicate that the return on the initial investment for a quality preschool program is seven times the cost of providing one year of services. But the 452,000 children currently served by the Head Start program represent only 17% of the total number of children who need these services. The Committee is concerned that the level of funding for Head Start has been frozen for the last two years.

Allotment of Funds

The Committee recognizes the need for a portion of total Head Start funds to be reserved for training and technical assistance and for Indian and Migrant Head Start programs. This bill requires a proportional earmarking of funding for Head Start training and technical assistance activities including the Child Development Associate credentialing program and resource access projects.

It replaces the provision which sets aside the amounts expended for these programs in FY 1982 unless the total Head Start appropriation falls below FY 1984 levels with a provision setting aside 3 percent of the total amount of Head Start funds during the fiscal year. This would represent 3 percent of the total amount appropriated for Head Start during a fiscal year less any amount sequested pursuant to a Presidential Order under section 252 or 274(f) of the Balanced Budget and Emergency Deficit Control Act of 1985.

Funding for Indian and Migrant Head Start Programs is similarly protected. The bill provides that the amount of funding for Indian and Migrant Head Start programs shall be 7.1% of the total appropriations for Head Start. It is the Committee's hope that such reduction will not occur, but if it should, that the Indian and Migrant Head Start programs and the Training and Technical Assistance should bear the same proportion of cuts of the entire Head

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Start program. Therefore, these amendments are designed to ensure that Indian and Migrant Head Start Programs as well as training and technical assistance receive the same amount as they received in FY '85 and are reduced or increased in proportion to the total funding for Head Start. This provision continues to guarantee a proportional earmarking of funds for key services.

One of the most consistent findings of research is that positive developmental outcomes accrue to children in programs staffed with adequate numbers of adults trained in the special skills required for early childhood teachers. Specialized training in early child development and early education has also been shown repeatedly to affect children's social and cognitive gains in early childhood programs. Head Start staff is composed of over 30% of Head Start parents, many of whom have not had the opportunity for formal child care training. In addition, the program experiences almost a 42 percent turnover rate making training a constant as opposed to a one-time need. The Committee recognizes that this turnover in parents working in Head Start programs is desirable and reflects one of the Head Start goals of helping parents get training and obtain work experience so they can improve their economic status. However, it also undescores the need for a continued investment in training, including CDA training as essential to the effectiveness of Head Start.

The Head Start legislation currently requires that Indian and Migrant Head Start programs receive each year a cost-of-living increase eqivalent to the increase in the Consumer Price Index. Because this increase is required whether or not there is any total increase in Head Start funds, this requirement can be inequitable to all the other Head Start programs, for whom no cost-of-living increase is required. This means that the required increase for Indian and Migrant programs could come at the expense of other Head Start programs.

The Committee's intent in eliminating the cost of living increases for Indian and migrant programs is to avoid any reduction in total Head Start programs. The Committee notes that while their has been considerable improvement in the salaries of Migrant and Indian Head Start workers, so that national average of salaries indicate close parity, not all individual Migrant and Indian Head Start programs receive salaries that are comparable with the faculty of other Head Start programs. Therefore, the elimination of the Indian and Migrant COLA should not be viewed as a diminution of the ongoing effort to increase the salaries to more adequately reflect the important work of Indian and Migrant Head Start faculty.

Coordination

The Committee has amended Section 642(c) of the Head Start Act to insert the words "State and local" before the word programs in the section requiring coordination of Head Start Programs. It is the Committee's desire that State and local Head Start programs improve their coordination in areas such as training and services, with each other.

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Participation in the Head Start Program

The Committee bill continues through FY 1990 the current method of calculating income for the purposes of determining eligibility for participation in the Head Start programs. If changes are recommended during the period of reauthorization, this provision reserves to Congress the sole authority for taking action.

While the Committee believes that it is vital to reach as many children as possible with Head Start's effective services, we are concerned about suggestions to restrict local programs' abilities to provide more than one year of service to high needs children. The Human Services Amendment of 1984 specifically provided that local programs may serve children from age 3 to the age of compulsory school attendance in their state. Head Start is a program designed to serve the neediest, most vulnerable children and families. Some of these desperately poor children require so much help that one year of Head Start is not enough to make a difference in their lives. A second year in Head Start can build their confidence so that progress made in the program is not quickly wiped away. Local programs have been able to help these children because they have had the flexibility necessary to work with multi-problem families. The Committee believes that this flexibility and the local option to provide multi-year service explicitly enacted in the 1984 Amendments must be maintained. The Committee is concerned with reports that the Department of Health and Human Services is restricting service to one-year programs as a condition of a local program's funding. The Committee is concerned that this policy would contradict the intent of the Committee and the Congress.

One of the major concerns of the Committee centers around the availability of mental health services for Head Start children with emotional disturbances. Testimony presented to the Committee indicated that no studies are available which provide data on (1) the range of mental health problems experienced by Head Start recipients; (2) the number of children receiving mental health services through Head Start; (3) the types of mental health services being provided by Head Start programs; and (4) the qualifications of the persons providing mental health services to Head Start recipients. This situation is in stark contrast to the data available regarding the provision of other mandated health services. It is the Committee's belief that the mental health services mandated by the authorizing legislation are fundamental to the overall goals of the Head Start program.

TITLE II—DEPENDENT CARE REPORT LANGUAGE

The Committee supports the continuation of the Dependent Care Development Grants which provide states with incentive money for the development of after and before school child care programs and for the development of resource and referral programs.

Specifically, $20 million is authorized for fiscal years 1987, 1988 and 1989 to be used by states to develop after and before school child care programs either in school facilities or in community facilities, or for the development of resource and referral programs. The Committee agrees with the Child Welfare League's assessment that this program "seeks to encourage better utilization of existing

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State and local programs, thus reaping multiple dividends at a comparatively small cost to the taxpayer." The Committee encourages full appropriation of this authorization.

The Committee has incorporated changes in the existing law to support equal treatment of school facilities and community centers. Through this change, it is not the Committee's intention to prefer one site for child care services over another site. Rather, this provision allows the local community leaders to determine the best location to provide after and before school child care services. The Committee also encourages school systems or other public applicants to coordinate their child care services with services that may already exist in the community. This is consistent with the current law requirement that a nonschool applicant to coordinate between applicant's services and the school system.

The legislation clarifies that before and after child care programs shall be in compliance with state and local child care licensing laws. Further, the legislation allows states the flexibility in determining the age eligibility for children obtaining services from these programs. Under current law, services could be provided for children ages 5–13. The Committee supports a revision to allow services to younger children where, by State law, children are provided free public education.

The Committee continues to support the development of local resource and referral programs to provide families with available dependent care information. Helping families locate quality child care services, elderly care and handicapped care services are critical and the Committee has learned through testimony that these programs have become a valuable tool for families looking for such information. The Committee continues to urge the resources and referral programs to provide necessary information, such as costs, times of services, transportation to and from such services. In addition, the information should be the latest information available and is to be kept up to date.

TITLE III—LOW INCOME HOME ENERGY ASSISTANCE PROGRAM REAUTHORIZATION

Authorization of Appropriations

S. 2444 authorizes appropriations of:

1987	$2,163,000,000
1988	2,227,890,000
1989	2,294,726,000
1990	2,363,567,000

representing a 3% increase per year over a four year authorization period.

The Committee believes that with the changes made elsewhere in this bill, the program will function smoothly and efficiently. Four years provides a reasonably long planning horizon for states, which is an important consideration for states' administration of this program.

The 3% annual increase in authorized levels for this program reflects the expectation that energy prices will increase in the future at about the rate of inflation. Since the program serves only about one-third of eligible households and provides benefits that offset

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less than one-half of the heating costs of assisted households, the Committee feels that it would be inappropriate to freeze or reduce program funding.

ADMINISTRATION OF ENERGY CRISIS INTERVENTION PROGRAM

SEC. 302. Section 2604(c) of the Act has been amended to more fully express the intent of the 1984 Human Services Act.

Testimony presented to the Committee indicated that a few states were not yet implementing provisions of the Act regarding the administration of energy crisis intervention programs for heating and cooling.

The Committee continues to expect that all states will make an adequate amount of emergency assistance available throughout the winter and, if appropriate, in summer, to assure that eligible households, especially those with elderly and handicapped, facing energy crisis have easy access to service providers at the time of the emergency, and that eligible persons confronting life-threatening situations can find assistance in time to avert the threat.

As partial remedy for the current shortcomings of the program, the Committee is requiring States to use community-based organizations, especially Community Action Agencies and Area Agencies on Aging as subgrantees for part or all of the crisis and intervention programs since their record of providing timely, cost-effective, flexible services is proven.

Discretion as to the amount and content of the assistance so provided remains with the states. However, the Committee expects states to re-examine their programs and to take whatever steps are necessary to ensure each low income community has emergency crisis services available for persons facing emergencies.

The Committee expects that all parts of the state will be served by community based organization programs or will have available the type of services covered elsewhere by the State.

CALCULATION OF GRANTS TO INDIAN TRIBES

SEC. 303. Section 2604(d)(2) of the Act has been amended to correct two technical deficiencies of the current statute:

First, the bill requires the Secretary of HHS to calculate grants to Indian tribes based on the ratio of eligible Indian households residing on a tribe's reservation or adjacent trust land to the total number of eligible households in the states. This change reflects the type of data available to the Secretary of HHS for calculating tribal set asides.

Second, for tribes without reservations or trust lands, the Secretary, in consultation with the tribe and state, will determine the appropriate population for which to make this determination. It is the Committee's intent that all tribes currently participating as direct grantees in the LIHEA Program, as well as similarly situated non-participating tribes could continue to qualify for direct Federal funding.

The Committee recognizes the deficiencies inherent in calculating grants to Indian tribes based on population ratios derived from Census figures. The Committee's intent is to adopt language to permit explicit agreement between tribes and states that result in

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greater funding for tribes. It is the Committee's understanding that the grants for about two-thirds of the tribes currently receiving LIHEAP funding directly from HHS are determined in this manner. It is the Committee's intent that this practice continue and hopes that more tribes and states will adopt such agreements.

Such agreements not only benefit the Indian people, they also result in more effective energy assistance programs by clearly defining the populations to be served by the tribe and state. This provision is designed to prevent duplication of service and insure efficient use of limited LIHEAP resources.

APPLICATIONS AND REQUIREMENTS

SEC. 304. (a) 2605(b)(5) has been amended to reiterate Congress' intent that the neediest households, (i.e. those households which have the lowest income and the highest energy costs in relation to income, taking into account family size) receive the maximum assistance.

While the Committee recognizes that state practices will vary based on the individual character of each state's LIHEA Program, the Committee would consider it abuse of Congressional intent for a state not to vary benefits according to measures of—

income, and

energy cost in relation to income.

This section also deletes two assurances from the current statute (sections 2605[b] [14] and [15]). These provisions are no longer necessary in light of the changes made to the application and plan requirements by Sec. 205. (a) Section 2605*(b)(5) of the bill.

REPEAL OF REPORTING REQUIREMENT

SEC. 304. Section 2605(b)(17) currently requires states to include estimates of energy usage and costs as part of their annual applications to HHS. HHS has testified before the Committee that this requirement is burdensome because the data provided by states are not developed in a uniform manner, they cannot be used for any Federal statistical purpose. The Committee's bill therefore repeals this provision.

CONTENTS OF STATE PLANS

SEC. 305. Section 2605(c)(1) has been amended to correct several overlapping and duplicative provisions.

To make corrections, the Committee has adopted language that would streamline state application requirements. The provision adopted by the Committee would also specify those assurances for which a state must provide descriptions of how it will carry out the assurances as part of its annual application.

The Committee is concerned that the applications and plans of some states do not provide complete descriptions of how states plan to use LIHEAP funds and operate their programs. In making these additional changes, it is the Committee's intent—

to require state applications to contain a complete and accurate breakdown of how a state will use its LIHEAP funds, and

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to provide complete descriptions of the operation of all components of its LIHEA Program.

In making the changes contained in the current bill, it is the Committee's intent to employ the structure of the statutory application requirements without deleting substantive requirements.

CONSISTENT TREATMENT OF ENERGY ASSISTANCE PAYMENTS

SEC. 306. (a) Section 2605(f) (42 U.S.C. 8624 [f] has been amended to strengthen the intent of the Committee that LIHEAP benefits, whether received in case (directly) or though a vendor payment (indirectly) shall be disregarded in determining a Food Stamp recipient's benefit amount or eligibility under Section 5(e) of the Food Stamp Act.

It has come to the Committee's attention that the Food and Nutrition Service (FNS) of the Department of Agriculture (USDA) has attempted by regulation and legislative proposal to reduce the amount of Food Stamps to which a household would otherwise be entitled because the household received assistance under the LIHEA Program.

The legislative history of LIHEAP makes clear Congress' intent that LIHEAP supplement other basic needs programs, specifically including Food Stamps.

This reaffirmation is necessary because of a misinterpretation by USDA since 1981 of LIHEAP law.

Under USDA policy, food stamp households receiving vendor LIHEAP payments are prohibited from deducting that part of their utility expenses covered by LIHEAP as a portion of their "excess shelter deduction." This causes a food stamp benefit reduction of as much as one-third the amount of LIHEAP payment or even denial of food stamp benefits in the case of elderly households. This issue has been litigated and in all cases, the courts have found that LIHEAP benefits should be included as part of the excess shelter deduction under the Food Stamp program. (These court decisions affect Indiana and the Eighth and Ninth Circuits.)

In 1985 USDA asked the Congress to overturn these court decisions and affirm the USDA administrative practice which prohibits deduction of LIHEAP vendor payments as part of the excess shelter deduction from the income of food stamp recipients households.

In the 1985 Farm Bill, Congress refused to overturn the court decisions but failed to affirmatively extend these decisions to all food stamp households receiving LIHEAP vendor payments. Therefore, food stamp recipients receiving LIHEAP vendor payments, outside of the states affected by the court decisions, are prohibited from counting LIHEAP-covered utility costs as part of their shelter expense deduction.

TITLE IV—COMMUNITY SERVICES BLOCK GRANT REAUTHORIZATION

Authorization Levels

Section 401 amends Section 672(b) of the Community Service Block Grant to authorize appropriations of $381,409,000 for fiscal year 1987, $392,851,000 for fiscal year 1988, $404,636,000 for fiscal year 1989 and $416,775,000 for fiscal year 1990. This section further

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amends Section 681A(b) of the Act to extend authority for appropriations for the Community Food and Nutrition program through 1989. Committee recognizes that current level of authorizations for this program is $415 million.

Definitions

The Committee has been advised that shortly after the enactment of the CSBG Act, at least one State undertook to replace its public community action agency with a successor organization. Like its predecessor, the successor non-profit organization was formed as a community action agency. All of the assets, staff and responsibilities of the pre-existing public community action agency were directly assumed by the successor. A question apparently arose as to whether such a direct successor in interest was eligible to receive funds under the Act as an eligible entity. The purpose of this amendment is to clarify and assure that such a successor has eligible entity status under Section 673 of the Act.

The committee wishes to make clear its intent that notwithstanding the provisions of Section 675(c)(3), "organizations serving seasonal or migrant farmworkers' under Section 675(c)(2)(A) includes farmworker governed organizations whose Board of Directors are comprised of not less than 51 percent current or former seasonal or migrant farmworkers

Requirements

Section 675(c)(5) is amended to add two new authorities to the list of purposes for which funds may be transferred. First, States may now choose to transfer funds to increase levels of assistance otherwise available to eligible entities and organizations serving seasonal or migrant farmworkers. It should be noted that language has also been added which underscores the Committee intent that the 90% minimum "pass-through" not be diminished by virtue of any State's decision to transfer up to 5% of its CSBG allotment. The Committee continues to be impressed by overwhelming evidence that eligible entities, particularly community action agencies, are uniquely able to apply comprehensive solutions to the problems of poverty, and hopes that States will support such entities to the maximum extent resources allow. Second, funds may now be transferred to support State awarded discretionary grants. This authorizes the transfer of funds to increase support for programs which address the needs of low-income persons with regard to rural housing, national youth sports, community economic development, migrant and seasonal farmworker assistance and community food and nutrition programs.

Termination procedures: The 1984 amendments to the CSBG Act added new provisions to ensure against the termination of funding levels of community action agencies and migrant and seasonal farmworker programs before completion of a State hearing and a review by the Secretary to determine whether good cause existed for the termination. Despite these clear protections, there have been instances in which States have terminated programs prior to the completion of this two-step process. Moreover, the Committee has learned that the Secretary's review authority, delegated to the Office of Community Services, has been exercised as virtually a

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rubber-stamp approval of adverse State determinations. Section 676A of the Act is amended to correct these deficiencies. Where a State terminates current or future funding levels of a community action agency or a migrant and seasonal farmworker organization before completion of a State hearing and review by the Secretary, the Secretary must immediately assume responsibility for restoring the full level of funding to the organization.

The Committee intends for the Secretary to enter into a direct grant relationship with the eligible entity or migrant and seasonal farmworker organization, using funds that otherwise would be given to the State under its CSBG allotment. The bill also explicitly authorizes the Office of Community Services to conduct the review on behalf of the Secretary, and requires the Office of Community Services to issue a written decision in which the reasons for the decision are spelled out. The Committee expects that such decisions will be entity independent, based on a record that includes proceedings before the State and any written submissions a party makes directly to the Office of Community Services.

Repeal: Section 403(c) repeals the last sentence of Section 675(c) which is obsolete. Clause (2)(A)(1) referring to a State's use of funds in 1982 only) was stricken from the Act by Public Law 98–558 in 1984; accordingly, the last sentence of Section 675(c) which was premised of Clause (2)(A)(i) should also be stricken.

Procedures for a Review of Termination of Funding

The 1984 amendments (P.L. 98–558) added a new Section 675(i) to the Act, directing the Secretary to conduct in several states each fiscal year evaluations of the uses made of funds received under the CSBG program and to report the results annually to Congress. Section 404 of the Bill amends the CSBG Act to combine the evaluation requirements of Section 675(i) with the investigation requirements of Section 679(b)(1) and to elaborate on the scope of compliance reviews which this Committee wishes the Secretary to undertake in several states each year. The Committee hopes that after thorough investigation and evaluation of the use of CSBG funds, the Secretary will be able to report on the extent to which funds have been properly targeted to ameliorate the causes of poverty and make recommendations to the States for improved performance. Section 404 adds to Section 679(b)(1) the requirements that, upon receipt of evaluation reports, affected states must submit a plan of action responding to the Secretary's recommendations. It is the committee's belief that the inevitable result of such a comprehensive evaluation process will be improved services and activities making deeper inroads into amelioration of the causes of poverty in our Nation's communities.

Fiscal Evaluations

Section 405 amends Section 681(a) of the Act to elaborate on the kinds of activities which the Secretary may support. Specifically, the Committee believes that national conferences, newsletters and information clearinghouse can be relatively inexpensive vehicles for training large numbers of State and local representatives who participate in the CSBG program and promoting the exchange of ideas across State lines so as to improve performance nationwide.

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Indeed, the Committee is persuaded that the benefits of a national conference are so obvious that it has added a new section 681(b) to the Act, directing the Secretary to appoint an Advisory Panel to develop and hold such a conference. The membership of the Panel, as delineated in a new Section 681(b), is intended to be representative of all levels of participants in the CSBG program (Federal, State, local) in hopes that the national conference will ultimately present a full, fair and balanced exchange of information and ideas on how best to attack the causes of poverty and encourage the poor to become self-sufficient. The Secretary is directed to reserve $100,000 (from amounts appropriated for the Department's administrative expenses) to support the costs of developing and holding the national conference.

Discretionary Authority

The Committee recognizes that two decades have past since the establishment of the low-income programs we are reauthorizing. While our goals have remained unchanged, to change the face of poverty, to provide opportunities to the poor and better their lives and to improve the quality of life in America. This section also directs the Secretary to appoint a nine member advisory panel to develop and hold a national conference to consider past and future approaches to prevent poverty and its causes. The section specifies the composition of the panel. The section further directs the Secretary to provide to the Chairmen of the House and Senate committee's of jurisdiction, a listing of the grantees provided assistance under this Act, including a list of grantees who have received funds under this section outside of the competitive process. The Committee has revised the section on community economic development to clarify Congressional intent and to ensure that all funds are made available on a competitive basis.

Through hearings and research it has come to attention of the Committee that funds for community economic development were employed for activities that did not bear a direct relation to job creation and enterprise development for low income residents of the area, and taht some grants were made on a competitive basis and some were not. To remedy this situation the Committee bill contains language that requires that funds only be made available on a competitive basis for the purpose of providing employment and business opportunities for low income residents of the community to be served. The committee bill also clarifies the type of organizations eligible. The Committee bill also clarifies the type of organizations eligible to receive grants under this authority.

The Committee bill revises the section on rural housing and community facilities development by giving a priority to rural community assistance programs. The Committee has taken this action to ensure that a national program of technical assistance to rural communities lacking adequate drinking water and waste disposal facilities be continued.

Section 681(a)(2)(A) of the Act provides for funding for seed money and venture capital for community economic development projects which promote job and business opportunities for low-income residents of the community. Under current law community development programs are undefined and the vagueness of this

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Section has led to confusion about the purpose of this section. The Committee seeks to end this confusion by further defining eligible entities and their board structure, by establishing clear goals and objectives for funding and by requiring a national competition for funding, based on stated criteria.

The discretionary fund of the Community Services Block Grant Act authorizes the funding of program of national and regional significance. Section 681(a)(2)(d) provides for programs of technical assistance and training for rural housing and community facilities development. The purpose of this section was in part to continue six regional organizations which provide rural communities across the country with technical assistance in dealing with complex problems of rural water and waste disposal. These organizations, known as the rural community assistance corporations, are the only national/regional network providing this assistance. In FY '85, an appropriation of about $4 million was available for the RCAPs and local rural housing grantees with about 40% of the funds going for community facilities assistance. In FY '86, funding for this line item is $3.72 million. The Committee has amended this section to clarify that rural community assistance corporations should receive a priority for funding for community assistance facilities development.

Demonstration Partnership Agreements Addressing the Needs of the Poor

The Committee is concerned that eligible entities under the CSBG Act do not have the resources to be able to develop new approaches and techniques for alleviating the particularly critical needs or problems of the poor, while maintaining high-quality ongoing programs. The committee has therefore provided the Secretary with explicit authority to make a limited number of grants for support of the development of such new and innovative approaches. Under this new authority, awards may be made to eligible entities which: (1) propose to undertake new activities that are closely coordinated with on-going programs; (2) involve partnership agreements with non-profit organizations, public agencies or private interests designed to produce significant new combinations of resources or new and innovative approaches to ameliorating causes of poverty; or (3) are structured so that the purposes of the CSBG Act will be fully and effectively be promoted. Grants under this new authority may pay for a maximum of 50 percent of the costs of the new activity, with grantees paying for the remaining 50 percent from non-federal resources. This matching contribution may derive from funds received from States under block grants, independent sources of funds, or plant, equipment, services or other non-cash contributions; however, such funds or other resources currently devoted to programs designed to meet the needs of the poor.

It is expected that the Secretary will each year formally announce the availability of funding under this authority and allow eligible entities to engage in a procurement-like competition for these grants. Eligible entities will be eligible for not more than one grant in any year and no grant may exceed $250,000 of federal funds. Once a grant supported under this new authority is completed, the Secretary, within a 90 day period, must prepare a descrip-

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tion of the innovative program, including relevant information developed and results achieved. These descriptions must be available for distribution to States and eligible entities to enable them to replicate such programs or otherwise benefit from such programs' results. The Committee wishes to emphasize that the purpose of this authority is to provide an incentive to eligible entities to develop entirely new methods for solving the problems of poverty. The bill authorizes $10,000,000 for each of fiscal year 1987, 1988, and 1989 to support this demonstration grant authority.

TITLE V—CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT

Child Development Associate Credential

The Child Development Associate Credential provides intensive, high quality training for potential child care providers. Following their training, these persons are assessed in child care settings prior to formal certification. Since the CDA program was established in 1975, nearly 17,000 child care workers have received the CDA credential. Thirty-one states and the District of Columbia require the CDA as a prerequisite for licensure as a child care provider. The Administration for Children, Youth and Families at HHS has declared it a national goal to have by 1990 at least one qualified adult who has either a degree in early childhood education or a CDA credential in every Head Start classroom. However, only 30% of the current Head Start teachers have such training. This is due to the fact that most CDA credential recipients, and most child care providers, are low income individuals who are seeking the means to gain self-sufficiency and avoid welfare dependency. The committee is concerned that costs associated with CDA training and certification have soared in recent years, putting the program out of reach for some individuals. The cost of the certification fee alone is $325.00.

At the Head Start reauthorization hearing before the Subcommittee on Children, Family, Drugs and Alcoholism, witnesses testified about this problem and the legislation sponsored by Senator Christopher Dodd, S. 804, the CDA Scholarship Assistance Act. At that hearing, Dr. Marilyn M. Smith, Executive Director of the National Association for the Education of Young Children testified that although the cost of a CDA is very reasonable compared with other professional certifications, the cost is nonetheless perceived as a burden by the individual child care provider. Dr. Smith testified in favor of S. 804 stating that the Child Development Associate Scholarship Act will be of great assistance to individuals who need financial support in applying for the credentialing. Dr. Edward Zigler, Director of the Yale Bush Center in Child Development Policy, also testified about the importance of providing scholarships for low-income child care workers who desire training and creditialing. According to Dr. Zigler, one of the surest ways to improve the overall quality of child care is to train childcare providers.

Authorization of Grants

The Committee believes that high quality child care is a commodity in very short supply. Given the shortage of credentialed

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daycare providers, many parents find themselves torn between two unattractive options; leaving the workforce and possibly relying on government income assistance, or placing the child with a potentially unqualified care provider. Therefore, the Committee has determined that Federal financial assistance in the form of scholarships to the low income candidates for this credential is essential to improve the quality of child care providers as well as improving employment opportunities for low-income individuals.

Allocation and Distribution of Funds

The Committee intends that the Secretary shall distribute the grants equitably among the States in the various regions of the Nation ensuring that the needs of both rural and urban areas are appropriately addressed. The Committee recognizes that the funds authorized under this legislation will be insufficient to provide scholarships to every eligible individual who is a candidate for a Child Development Associate credential. Therefore the Committee has placed emphasis on the sufficiency of the grant awarded and whether the individual would be unable to obtain the credential without the scholarship, rather than the number of individuals served. It is the intention of the Committee that the scholarships awarded by the States under this Act will be awarded exclusively to eligible individuals who are candidates for the CDA certificate, require financial assistance in order to obtain this credential and that the amount awarded will be sufficient to cover the costs of application, assessment, and credientialling for such individuals.

Reporting Requirements

In order to assess the value of the financial assistance provided under this new program, the Committee requires detailed information regarding how the scholarships funded under this Act are assisting individuals seeking a CDA certificate. Therefore, the bill requires each State receiving grants under this Act to submit an annual report detailing the number of individuals assisted under the scholarship program and whether their salary and position has improved after obtaining a CDA certificate.

VI. Administration Views

The Secret of Health and Human Services,
Washington, DC, June 5, 1986.

Hon. Orrin G. Hatch,
Chairman, Committee on Labor and Human Resources,
U.S. Senate, Washington, DC.

Dear Mr. Chairman: We take this opportunity to inform the Committee of the Department's views on S. 2444, the "Human Services Reauthorization Act of 1986", as ordered reported by the Committee on May 20, 1986.

The bill would extend four expiring authorities: the Head Start Act; the Low-Income Home Energy Assistance Act of 1981 (LIHEAP); the Community Services Block Grant Act (CSBG), including the Community Food and Nutrition (CFN) Program; and the Dependent Care Services Program. For each program, the bill would authorize the appropriation of funds in increasing amounts

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over four fiscal years, FY 1987 through FY 1990 (or three fiscal years, in the case of the CFN program). The bill would also authorize apporpriations of $1.5 million for each of FYs 1987 through 1990 to create a program of grants to States for scholarships for candidates for the child development associate (CDA) credential. Finally, the bill would authorize appropriations of $10 million for each of three fiscal years for a new program to develop new approaches for dealing with problems of the poor.

We strongly oppose enactment of this bill. It would extend two programs, CSBG and the Dependent Care Services Program, which duplicate existing authorities and should not be reauthorized; it would create a narrow and duplicative categorical program for CDA scholarships; it would create a new, unnecessary poverty program; and it would authorize more funds for Head Start and LIHEAP than proposed in the President's budget, thereby impeding the Administration's effort to reduce the Federal deficit.

The Administration proposes that Head Start be reauthorized at a level of $1,075,059,000 for FY 1987, and at such sums as necessary for FYs 1988 and 1989. The proposed FY 1987 level is an increase of $35 million over funds made available for Head Start in FY 1986, and fully restores FY 1986 funding reductions resulting from the Congressionally-initiated Gramm-Rudman-Hollings sequestration (P.L. 99-177, the Balanced Budget and Emergency Deficit Control Act of 1985). The FY 1987 level will provide comprehensive child development services to 448,250 children, the same level as in FYs 1985 and 1986, while maintaining program quality.

We also strongly oppose the amendment with respect to funding for training and technical assistance (T/TA). The Administration proposed elimination of the requirement that $25 million annually be spent for T/TA; S. 2444 would instead retain this requirement and add a requirement that, for years when Head Start funding drops below the FY 1984 funding level, a minimum of 3 percent of total Head Start funding be spent for T/TA. This amendment would actually increase T/TA funding (currently between 2 and 2½ percent of total appropriations) at the expense of other program areas, including local Head Start projects.

The President's budget proposes reauthorization of LIHEAP at a level of $2.1 billion for each of FYs 1987, 1988 and 1989, $90 million above the FY 1986 level. In addition to its excessive LIHEAP reauthorization levels, we oppose the provision in S. 2444 that would require States to count utility expenses paid with LIHEAP funds, whether directly or indirectly through vendors, as shelter expenses when calculating the Food Stamp excess shelter deduction. The Administration's budget proposes to clarify that utility expenses paid with LIHEAP funds should not be considered shelter expenses, since these grants substitute for household utility expenditures. The Department of Agriculture estimates this provision could increase Food Stamp program costs by as much as $44 million in FY 1987, and $131 million over the FY 1987-1989 period.

The Administration proposes to terminate the CSBG. First, a number of other Federal programs have the authority to offer the same types of services and to serve the same target population as does the CSBG, including especially the Social Services Block Grant (SSBG) program, proposed to be funded at $2.7 billion in FY

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1987 and administered by this Department. Second, a substantial portion of CSBG funds is used to administer other programs, such as Head Start and LIHEAP, which is unnecessary since these programs have their own authorities to fund administrative costs. Effective community action agencies, the direct recipients of CSBG funds, will be able to serve the poor without this program. Only 12 percent of community action agencies' total funding comes from CSBG. These agencies will still compete for SSBG, Head Start, weatherization, job training, and other Federal funds, which already comprise the majority of their total budgets.

We strongly oppose the creation of yet another new program authorizing grants to address the needs of the poor. Such a program would merely duplicate efforts already underway in a multitude of Federally funded programs such as Aid to Families with Dependent Children, Food Stamps, LIHEAP, SSBG, and Head Start, as well as State and locally funded programs. The described purpose of the funding is vague; it is not clear whether it would be used for grants to individuals or programs, nor is it clear what results are expected in return for the expenditures. Activities that might be funded under the grants can already be funded under existing programs or waiver authorities.

We strongly oppose the continued authorization of the Dependent Care Services Program since it duplicates funding available under other Federal programs, such as SSBG, the child welfare services program, and the Older Americans Act of 1965, as well as other State, local and private sector programs. This is a new program which has received an appropriation for the first time in FY 1986.

We also strongly oppose creation of the CDA scholarship program. States may already use funds received under the SSBG program to pay the costs of CDA training and credentialing. An additional $15 million in FY 1986 Head Start training and technical assistance funds will be devoted to CDA training and credentialing. The SSBG program imposes minimal administrative burdens on the States, allows them flexibility to allocate their social services resources to address their particular needs, and promotes quality child care by insuring that recipients of support meet applicable State requirements.

We therefore recommend that the bill not be favorably considered.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program, and that extension of the CSBG and dependent care services programs would not be consistent with the Administration's objectives.

Sincerely,

OTIS R. BOWEN, M.D.,
Secretary.

VII. VOTES IN COMMITTEE

In markup on May 20, 1986, the Labor and Human Resources Committee unanimously adopted S. 2444 and unanimously ordered S. 2444 reported favorably.

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VIII. Regulatory Impact Statement

Pursuant to Section 602 of Senate Resolution 4 concerning the regulatory impact of proposed legislation, the Committee has determined that there will be a minimal increase in regulatory burden or paperwork imposed by the bill.

IX. Congressional Budget Office Cost Estimate

1. Bill number: S. 2444.
2. Bill title: Human Services Reauthorization Act of 1986.
3. Bill status: As ordered reported by the Senate Committee on Labor and Human Resources on May 20, 1986.
4. Bill purpose: The purpose of this bill is to amend and extend the authorization for appropriations for the Head Start Act, the Low-Income Home Energy Assistance Act of 1981, the Community Services Block Grant Act and the dependent care state grant program. The bill would clarify the treatment of home energy assistance payments and allowances under the Food Stamp Act of 1977 and would create two programs: the Child Development Associate Scholarship Assistance Program and a grant program for demonstration partnership agreements to address the needs of the poor.
5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1987	1988	1989	1990	1991
FUNCTION 500					
Head Start Program:					
Authorization level	1,131	1,176	1,223	1,272	
Estimated outlays	520	1,078	1,194	1,242	684
Dependent Care State Grant Program:					
Authorization level	20	20	20		
Estimated outlays	14	20	20	6	
Community services block grant:					
Authorization level	382	393	405	417	
Estimated outlays	261	381	401	413	132
Demonstration partnership agreements:					
Authorization level	10	10	10		
Estimated outlays	7	10	10	3	
Community Food and Nutrition Program:					
Authorization level	3	3	3		
Estimated outlays	2	3	3	1	
Child Development Associate Scholarship Assistance Program:					
Authorization level	2	2	2	2	
Estimated outlays	2	2	2	2	
Function 500 subtotal:					
Authorization level	1,548	1,604	1,663	1,691	
Estimated outlays	806	1,494	1,630	1,667	816
FUNCTION 600					
Low-Income Home Energy Assistance Program:					
Authorization level	2,163	2,228	2,295	2,364	
Estimated outlays	1,947	2,221	2,288	2,357	236
Food Stamp Program:					
Estimated authorization level	12	12	13	13	14
Estimated outlays	12	12	13	13	14

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[By fiscal year, in millions of dollars]

	1987	1988	1989	1990	1991
Function 600 subtotal:					
Authorization level	2,175	2,240	2,308	2,377	14
Estimated outlays	1,959	2,233	2,301	2,370	250
Bill total:					
Estimated authorization level	3,723	3,844	3,971	4,068	14
Estimated outlays	2,765	3,727	3,931	4,037	1,066

Basis of Estimate

Authorization of Appropriations.—S. 2444 specifies stated authorization levels for Head Start, the Low-Income Home Energy Assistance Program (LIHEAP), and the Community Services Block Grant for fiscal years 1987, 1988, 1989 and 1990, and for dependent care state grants and the Community Food and Nutrition Program for fiscal years 1987, 1988, and 1989. This bill also authorizes funding at stated levels for the two new programs: demonstration partnership agreements for 1987 through 1989, and child development associate scholarships for 1987 through 1990.

We assume authorized amounts are fully appropriated at the beginning of each fiscal year. Outlays are estimated using spendout rates computed by the Congressional Budget Office on the basis of recent program data.

Treatment of Energy Assistance in the Food Stamp Program.—Section 306 would overturn the Food and Nutrition Service (FNS) policy of not counting energy assistance received in the form of vendor payments as countable shelter expenses when calculating net income under the Food Stamp Program. Courts have already overturned FNS policy in the 8th and 9th Circuits of the U.S. Courts of Appeals, as well as in Indiana. Thus S. 2444 would only increase benefits for the food stamp households who live in the remaining states and receive vendor payments. If all such households deducted actual utility expenses when calculating net income, the added cost to the Food Stamp Program could be as high as $50 million.

In fact, the estimated cost is considerably lower; many food stamp households would not be affected because they use a "standard utility allowance" in place of actual utility expenses. Households receiving energy vendor payments may deduct a standard utility allowance provided they also have out-of-pocket heating or cooling expenses, which most do. It is more convenient for both the household and the caseworker to use a standard utility allowance than to record actual utility expenses each month. However, households with higher than average utility expenses may benefit by deducting actual expenses. If as many as 50% of households use actual expenses, the bill could cost up to $25 million. If no households use actual expenses, the bill would cost nothing. Our best estimate is that Section 306 would cost $12 million, midway between these two extremes.

6. Estimated cost to State and local governments: The programs authorized in this bill involve grants to state and local govern-

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ments and public and private nonprofit agencies. With the exception of dependent care programs, no match of federal funds is required. The federal share for dependent care projects is limited to 75 percent. However, this federal contribution is intended as a supplement to current state expenditures.

7. Estimate comparison: On April 15 and 16, 1986, CBO prepared cost estimates for the House of Representatives reauthorization bills for these programs. The House bills, H.R. 4422 and H.R. 4421, authorized these programs at such sums as may be necessary, with the exception of the Community Services Block Grant, which was authorized at a stated level for 1987. The House bills also authorized funds for the Follow Through program, while the Senate bill does not. The new programs proposed in the Senate bill were not authorized in the House bills.

CBO estimated the total authorization level of the two House bills to be $3.6 billion in 1987, with outlays estimated to be $2.6 billion. However, the such sums authorization language does not limit appropriations to these levels.

8. Previous CBO estimate: None.

9. Estimate prepared by: Julie Isaacs, Ken Pott, and Marianne Deignan.

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

X. Section-by-Section Analysis

The first sentence of the bill provides that the Act may be cited as the "Human Services Reauthorization Act of 1986".

TITLE I—HEAD START

Section 101 reauthorizes Head Start through fiscal year 1990—

1987	$1,130,542,000
1988	1,175,764,000
1989	1,222,795,000
1990	1,271,717,000

Section 102 eliminates the cost of living adjustment for Indian and Migrant Head Start programs. It specifies that national funding for these programs is to be 7.1% of the amount appropriated. This section also provides that in years when the Head Start appropriations are less than the FY 84 appropriation, funding for training and technical assistance shall be 3% of the appropriation.

Section 103 specifies that the type of programs Head Start agencies are to coordinate with are "state and local."

Section 104 continues the prohibition through 1990, of any change in the method the Secretary uses to calculate income used to prescribe eligibility for the participation of persons in the Head Start program if the change would result in any reduction or exclusion of persons in the program.

TITLE II—DEPENDENT CARE STATE GRANT PROGRAM

Section 201 reauthorizes the Dependent Care programs at $20,000,000 for fiscal years 1987–1989.

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Section 202 provides that the specified types of information on dependent care services to be made available by resource-and-referral systems are optional rather than mandatory. It requires states to provide assurances to the Secretary that

1. The grant funds will not be used to provide information on dependent care services that are not in compliance with state and local laws

2. the information provided will be the latest available and will be kept up to date.

The section also eliminates the requirement that before-and-after-school child care programs be provided at community centers only where school facilities are not available and clarifies that the licensing laws and regulations with which applicants must comply are those relating to "child care."

Section 203 revises the definition of school-aged children to include children under age five, the younger age to be consistent with the age at which each state provides free public education to children.

Section 204 adds a new section to permit the Act to be cited as the "State Dependent Care Development Grants Act."

TITLE III—LOW INCOME HOME ENERGY ASSISTANCE

Section 301 authorizes appropriations—

1987	$2,163,000,000
1988	2,227,890,000
1989	2,294,726,000
1990	2,363,567,000

Section 302 clarifies that for the purposes of the Food Stamp Act, LIHEAP payments or allowances shall be deemed to be spent by recipient households for heating or cooling expenses. The effect of this clarification is to provide that the receipt of LIHEAP benefits shall not effect eligibility or benefits under the food stamp program. No distinction shall be made regarding whether payments or allowances are provided directly to or indirectly for the benefit of any household. Amendments in this section are to become effective on date of enactment or October 1, 1986, which ever is later.

Section 303 provides that community-based organizations such as Agencies on Aging or Community Action Programs are the types of entities which must administer at least part of the Energy Crisis Programs in each state.

Section 304 makes two changes in the criteria the Secretary must follow in establishing the portion of a state's allotment to be set aside for direct grants to Indian tribes. First, the formula would be keyed to the number of Indian households (rather than only member households of the particular tribe making the request) residing on the reservation and adjacent trust lands. In cases where a tribe has no reservation, the Secretary shall define the population after consultation with the Indian Tribe and the state. The section also allows the Secretary to set aside for direct grants to the Indian tribes an amount greater than that produced by the statutory formula if that is agreed upon by the state and the governing organization of the Tribe.

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Section 305 expands the requirements for the annual application under Section 2605(c) to stress that the neediest households receive the maximum assistance under LIHEAP.

Section 306 reorganizes the requirements for the annual application under Section 2605(b) of the Act and the State plan under Section 2605(c) of the Act.

TITLE IV—COMMUNITY SERVICES BLOCK GRANT

Section 401 authorizes appropriations—

1987	$381,409,000
1988	392,851,000
1989	404,636,000
1990	416,775,000

It also extends authority for appropriations for the Community Food and Nutrition program through 1980.

Section 402 expands the definition of eligible entity to include programs which came into existence in FY82 as a direct successor to a community action agency and meets all of the board composition requirements of section 675(c)(3).

Section 403(a) requires that the allowed transfer of up to 5% of a state's allotment to currently specified programs or to provide assistance for state-awarded discretionary grants is to increase funds otherwise available to eligible entities under the CSBG program. It prohibits the transfer of funds that would diminish the states's responsibility to pass through 90% of funds to eligible entities.

Section 403(b) establishes procedures which the Secretary must follow in reviewing State proposed termination of funding to CAAs or migrant and seasonal farmworker organizations. These procedures include a prompt review and written determination by the Office of Community Services. The section also requires the Secretary to assume responsibility for funding the affected eligible entity if a state terminates funding prior to the completion of the required state hearing and Secretary's review.

Section 403(c) eliminates the transitional provision which had prohibited against organizations receiving funds under the 90% pass-through requirement for receiving additional funds.

Section 404 combines the required investigation and evaluation of compliance requirements in the CSBG program. It states that such compliance evaluations are to be made especially with regard to—

grants to states to ameliorate the causes of poverty in communities;

state public hearings on the proposed use and distribution of funds;

all the 11 agreements required of states in their annual application for their allotment of funds.

Such evaluations are to include the impact of funds under this program on children, homeless families and the elderly poor. The Secretary will send recommendations of improvements on how to enhance the benefit and impact to people in need to each state and the state will then submit a plan of action in response to the recommendation contained in the report. Evaluation results are to be submitted annually to the Chairman of the House Education and Labor and Senate Labor and Human Resources Committees.

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Section 405(a) in addition to technical amendments, authorizes the Secretary to fund national conferences, newsletters, and the collection and dissemination of data about programs and projects funded under the CSBG program as part of training activities authorized under the program. It also specifies that Community Development Corporations, which are one of the special emphasis programs for which funding is authorized, are to be governed by a board consisting of residents of the community and business and civic leaders. In addition, this section gives special priority to rural community assistance programs under the special emphasis program on rural housing and community facilities development.

Section 405(b) directs the Secretary to appoint an advisory panel to develop and hold a national conference to exchange information on past approaches to the problems of poverty and to formulate plans for future methods attacking the causes of poverty. The Secretary is directed to reserve $100,000 from administrative expenses to fund this conference. This section specifies the composition of the nine member panel and who is to designate each of its members.

Section 405(c) requires that the Chairmen of the House Education and Labor, and Senate Labor and Human Resources Committees are to be provided annually with a summary of final reports on projects assisted under the Secretary's discretionary authority and a list of grantees who have received funds under this authority outside of the competitive process. This section directs the Secretary to compile and make available a catalog listing information on the projects funded under the discretionary grants program.

Section 406 authorizes $10,000,000 each for FY 1987-89 for a new program for the development and implementation of new and innovative approaches to deal with particularly critical needs or programs of the poor which are common to a number of communities. Grants are to be made only for the projects which

can be closely coordinated with grantees' ongoing programs;
involve significant new combinations of resources of new and innovative approaches involving partnership agreements;
will effectively promote the purposes of the CSBG program.

The Secretary is authorized to make grants to eligible entities to pay for no more than 50% of the cost of the program, with the non-federal share to be in kind or in cash. Not more than one grant may be made to a single entity, and no grant may exceed $250,000. Federal funds are to be for new programs; they may not substitute for programs previously carried out without federal assistance; and other resources for the poor may not be diminished to provide the non-federal match required for this program.

The Secretary is required to prepare and make available upon request to each state and eligible entity information on the results of any funded projects not later than 90 days after the expiration of the grant awarded.

TITLE V—CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE ACT OF 1985

Section 501 specifies that this Act may be cited as the "Child Development Associate Scholarship Assistance Act of 1985."

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Section 502 authorizes the Secretary of Health and Human Services to make grants to any State receiving federal funds under the Social Services Block Grant.

The grants may be used by the States to award scholarships to individuals who are eligible candidates for the Child Development Associate credential.

Section 503 specifies the assurances that States must make on grant applications. These assurances include that the scholarships will be awarded:

only to eligible individuals, on the basis of financial need;

in an amount sufficient to cover the costs of application, assessment and credentialing and that;

no more than 10% of the grant will be used on administrative costs.

The section directs the Secretary to distribute the grants equitably among the States and ensure that the needs of rural and urban areas are appropriately addressed.

Section 503 defines individuals eligible to receive the scholarship as those whose income does not exceed 150% of poverty. This section defines the "Secretary" as the Secretary of Health and Human Services, and "State" as all of the States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Marian Islands, the Federated States of Micronesia, and the Republic of Palau.

Section 505 requires each State receiving grants under this Act to submit an annual report on the number of eligible individuals assisted under this Act and their position and salaries before and after receiving the CDA credential. This section provides the Secretary with flexibility in the manner in which the grants to States are made.

Section 506 authorizes the CDA Scholarship Assistance Act through 1990—

1987	$1,500,000
1988	1,500,000
1989	1,500,000
1990	1,500,000

XI. Changes in Existing Law

In compliance with rule XXVI paragraph 12 of the Standing Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Omnibus Budget Reconciliation Act of 1981

[Public Law 97-35, August 13, 1981 (95 Stat. 357)]

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TITLE VI—HUMAN SERVICES PROGRAMS

SUBTITLE A—AUTHORIZATIONS SAVINGS FOR FISCAL YEARS 1982, 1983, AND 1984

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CHAPTER 8—COMMUNITY SERVICES PROGRAMS

* * * * * * *

Subchapter B—Head Start Programs

SHORT TITLE

SEC. 635. This subchapter may be cited as the "Head Start Act".

STATEMENT OF PURPOSE AND POLICY

SEC. 636. (a) In recognition of the role which Project Head Start has played in the effective delivery of comprehensive health, educational, nutritional, social, and other services to economically disadvantaged children and their families, it is the purpose of this subchapter to extend the authority for the appropriation of funds for such program.

(b) In carrying out the provisions of this subchapter, the Secretary of Health and Human Services shall continue the administrative arrangement responsible for meeting the needs of migrant and Indian children and shall assure that appropriate funding is provided to meet such needs.

* * * * * * *

AUTHORIZATION OF APPROPRIATIONS

SEC. 639. There are authorized to be appropriated for carrying out the provisions of this subchapter [$1,093,030,000 for fiscal year 1985, and $1,221,000,000 for fiscal year 1986.]

SEC. 639. There are authorized to be appropriated for carrying out the provisions of this subchapter $1,130,542,000 for fiscal year 1987, $1,175,764,000 for fiscal year 1988, $1,222,795,000 for fiscal year 1989, and $1,271,717,000 for fiscal year 1990.

ALLOTMENT OF FUNDS; LIMITATION ON ASSISTANCE

SEC. 640. (a)(1) Of the sums appropriated pursuant to section 639 for any fiscal year beginning after September 30, 1981, the Secretary shall allot such sums in accordance with paragraphs (2) and (3).

(2) The Secretary shall reserve 13 percent of the amount appropriated for each fiscal year for use in accordance with the following order of priorities—

[(A) Indian and migrant Head Start programs and services for handicapped children, except that—

[(i) there shall be made available for use by Indian and migrant Head Start programs, on a nationwide basis, no less funds for fiscal year 1982 and each subsequent fiscal year than were obligated for use by Indian and migrant Head Start programs for fiscal year 1981; and

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[(ii) cost-of-living adjustments shall be made with respect to such Indian and migrant Head Start programs for fiscal year 1982 and each subsequent fiscal year, and such adjustment shall, at the minimum, reflect changes in the Consumer Price Index published by the Bureau of Labor Statistics of the Department of Labor;]

(A) Indian and migrant Head Start programs and services for handicapped children, except that there shall be made available for use by Indian and migrant Head Start programs, on a nationwide basis, 7⅒ percent of the total amount of funds available for this subchapter during such fiscal year;

(B) payment to Guam, American Samoa, the Trust Territory of the Pacific Islands, the Northern Mariana Islands, and the Virgin Islands according to their respective needs, except that such amount shall not exceed one-half of 1 percent of the sums appropriated for any fiscal year;

(C) training and technical assistance activities which are sufficient to meet the needs associated with program expansion and to foster program and management improvement activities as described in section 648 of this subchapter, in an amount for each fiscal year which is not less than the amount expended for training and technical assistance activities under this clause for fiscal year 1982; and

(D) discretionary payments made by the Secretary.

[The minimum reservation contained in clause (C) of this paragraph shall not apply in any fiscal year in which the appropriation for the program authorized by this subchapter is less than the amount appropriated for fiscal year 1984.] *In any fiscal year in which the appropriation for which the program authorized by this subchapter is less than the amount appropriated for fiscal year 1984, the minimum reservation contained in clause (C) of this paragraph shall not apply and the amount reserved for training and technical assistance activities described in such clause (C) shall be 3 percent of the total amount available during such fiscal year for this subchapter.* No funds reserved under this paragraph may be combined with funds appropriated under any other Act if the purpose of combining funds is to make a single discretionary grant or a single discretionary payment, unless such funds appropriated under this subchapter are separately identified in such grant or payment and are used for the purposes of this subchapter.

* * * * * * *

POWERS AND FUNCTIONS OF HEAD START AGENCIES

SEC. 642. (a) In order to be designated as a Head Start agency under this subchapter, an agency must have authority under its charter or applicable law to receive and administer funds under this subchapter, funds and contributions from private or local public sources which may be used in support of a Head Start program, and funds under any Federal or State assistance program pursuant to which a public or private nonprofit agency (as the case may be) organized in accordance with this subchapter, could act as grantee, contractor, or sponsor of projects appropriate for inclusion in a Head Start program. Such an agency must also be empowered

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to transfer funds so received, and to delegate powers to other agencies, subject to the powers of its governing board and its overall program responsibilities. The power to transfer funds and delegate powers must include the power to make transfers and delegations covering component projects in all cases where this will contribute to efficiency and effectiveness or otherwise futher program objectives.

(b) In order to be so designated, a Head Start agency must also (1) establish effective procedures by which parents and area residents concerned will be enabled to directly participate in decisions that influence the character of programs affecting their interests; (2) provide for their regular participation in the implementation of such programs; (3) provide technical and other support needed to enable parents and area residents to secure on their own behalf available assistance from public and private sources; and (4) establish procedures to seek reimbursement, to the extent feasible, from other agencies for services for which any such other agency is responsible, which are provided to a Head Start participant by the Head Start agency.

(c) The head of each Head Start agency shall coordinate with other *State and local* programs serving the children in the Head Start agency to carry out the provisions of this subsection.

* * * * * * *

PARTICIPATION IN HEAD START PROGRAMS

SEC. 645. (a)(1) The Secretary shall by regulation prescribe eligibility for the participation of persons in Head Start programs assisted under this subchapter. Except as provided in paragraph (2), such criteria may provide (A) that children from low-income families shall be eligible for participation in programs assisted under this subchapter if their families' incomes are below the poverty line, or if their families are eligible or, in the absence of child care, would potentially be eligible for public assistance; and (B) pursuant to such regulations as the Secretary shall prescribe, that programs assisted under this subchapter may include, to a reasonable extent, participation of children in the area served who would benefit from such programs but whose families do not meet the low-income criteria prescribed pursuant to clause (A).

(2) Whenever a Head Start program is operated in a community with a population of 1,000 or less individuals and—

(A) there is no other preschool program in the community;

(B) the community is located in a medically underserved area, as designated by the Secretary pursuant to section 330(b)(3) of the Public Health Service Act and is located in a health manpower shortage area, as designated by the Secretary pursuant to section 332(a)(1) of such Act;

(C) the community is in a location which, by reason of remoteness, does not permit reasonable access to the types of services described in clauses (A) and (B); and

(D) not less than 50 percent of the families to be served in the community are eligible under the eligibility criteria established by the Secretary under paragraph (1);

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the Head Start program in each such locality shall establish the criteria for eligibility except that no child residing in such community whose family is eligible under such eligiblity criteria shall, by virtue of such project's eligibility criteria, be denied an opportunity to participate in such program. During the period beginning on the date of the enactment of the Human Services Reauthorization Act and ending on October 1, [1986.] *1990* and unless specifically authorized in any statute of the United States enacted after such date of enactment, the Secretary may not make any change in the method, as in effect on April 25, 1984, of calculating income used to prescribe eligibility for the participation of persons in the Head Start programs assisted under this subchapter if such change would result in any reduction in, or exclusion from, participation of persons in the Head Start programs assisted under this subchapter if such change would result in any reduction in, or exclusion from participation of persons in any of such programs.

* * * * * * *

Subchapter D—Grants to States for Planning and Development of Dependent Care Programs and for Other Purposes

AUTHORIZATION OF APPROPRIATIONS

SEC. 670A. [For the purpose of allotments to States to carry out the activities described in section 670D, there are authorized to be appropriated $20,000,000 for each of the fiscal years 1985 and 1986.] *For the purpose of allotments to States to carry out the activities described in section 670D, there are authorized to be appropriated $20,000,000 for the fiscal year 1987 and for each of the two succeeding fiscal years.*

* * * * * * *

USE OF ALLOTMENTS

SEC. 670D. (a)*(1)* Subject to the provisions of subsections (c) and (d), amounts paid to a State under section 670C from its allotment under section 670B for fiscal year 1985 and fiscal year 1986 may be used for the planning, development, establishment, expansion, or improvement by the States, directly or by grant or contract with public or private entities, of State and local resource and referral systems to provide information concerning the availability, types, costs, and locations of dependent care services. The information provided by any such system [shall] *may* include—

[(1)] *(A)* the types of dependent care services available, including services provided by individual homes, religious organizations, community organizations, employers, private industry, and public and private institutions;

[(2)] *(B)* the costs of available dependent care services;

[(3)] *(C)* the locations in which dependent care services are provided;

[(4)] *(D)* the forms of transportation available to such locations;

[(5)] *(E)* the hours during which such dependent care services are available;

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[(6)] *(F)* the the dependents eligible to enroll for such dependent care services; and

[(7)] *(G)* any resource and referral system planned, developed, established, expanded, or improved with amounts paid to a State under this subchapter.

In carrying out clause [(7)] *(G)* of the previous sentence, no information shall be included with respect to any dependent care services which are not provided in compliance with the laws of the State and localities in which such services are provided.

(b)(1) Subject to the provisions of subsections (c) and (d), amounts paid to a State under section 670C from its allotment under section 670B for fiscal year 1985 and fiscal year 1986 may be used for the planning, development, establishment, expansion, or improvement by the States, directly, or by grant or contract, with public agencies or private nonprofit organizations of programs to furnish school-age child care services before and after school in public or private school facilities or in community centers in communities [where school facilities are not available].

(2) The State, with respect to the uses of funds described in paragraph (1) of this subsection shall—

[(A) provide assurances, in the case of an applicant that is not a State or local educational agency, that the applicant has or will enter into an agreement with the State or local educational agency, institution of higher education or community center containing provisions for—

[(i) the use of facilities for the provision of before or after school child care services (including such use during holidays and vacation periods),

[(ii) the restrictions, if any, on the use of such space, and

[(iii) the times when the space will be available for the use of the applicant;]

(A) provide assurances that no information will be included with respect to any dependent care services which are not provided in compliance with the laws of the State and localities in which such services are provided; and

[(B) provide an estimate of the costs of the establishment of the child care service program in the facilities;]

(B) provide assurances that the information provided will be the latest information available and will be kept up to date.

(C) provide assurances that the parents of school-age children will be involved in the development and implementation of the program for which assistance is sought under this Act;

(D) provide assurances that the applicant is able and willing to seek to enroll racially, ethnically, and economically diverse as well as handicapped school-age children in the child care service program for which assistance is sought under this Act;

(E) provide assurances that the child care program is in compliance with State and *child care* local licensing laws and regulations governing day care services for school-age children to the extent that such regulations are appropriate to the age group served; and

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DEFINITIONS

SEC. 670G. For purposes of this subchapter—

(1) the term "community center" means facilities operated by nonprofit community-based organizations for the provision of recreational, social, or educational services to the general public;

(2) the term "dependent" means—

(A) an individual who has not attained the age of 17 years;

(B) an individual who has attained the age of 55 years; or

(C) a person with a developmental disability;

(3) the term "developmental disability" has the same meaning as in section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act;

(4) the term "equipment" has the same meaning given that term by section 198(a)(8) of the Elementary and Secondary Education Act of 1965;

(5) the term "institution of higher education" has the same meaning given that term under section 1201(a) of the Higher Education Act of 1965;

(6) the term "local educational agency" has the same meaning given that term under section 198(a)(10) of the Elementary and Secondary Education Act of 1965;

(7) the term "school-age children" means children aged five through thirteen[;], **[;]** *except that in any State which by State law children at an earlier age are provided free public education, the age provided in State law shall be substituted for age five;*

(8) the term "school facilities" means classrooms and related facilities used for the provision of education;

(9) the term "Secretary" means the Secretary of Health and Human Services;

(10) the term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Trust Territory of the Pacific Islands, and the Commonwealth of the Northern Mariana Islands; and

(11) the term "State educational agency" has the meaning given that term under section 198(a)(17) of the Elementary and Secondary Education Act of 1965.

SHORT TITLE

SEC. 670H. This subchapter may be cited as the "State Dependent Care Development Grants Act".

TITLE XXVI—LOW-INCOME HOME ENERGY ASSISTANCE

SHORT TITLE

SEC. 2601. This title may be cited as the "Low-Income Home Energy Assistance Act of 1981".

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HOME ENERGY GRANTS AUTHORIZED

SEC. 2602. (a) The Secretary of Health and Human Services is authorized to make grants, in accordance with the provisions of this title, to States to assist eligible households to meet the costs of home energy.

(b) There is authorized to be appropriated to carry out the provisions of this title [$2,140,000,000 for the fiscal year 1985, and $2,275,000,000 for the fiscal year 1986.] *$2,163,000,000 for the fiscal year 1987, $2,227,890,000 for the fiscal year 1988, $2,294,726,000 for the fiscal year 1989, and $2,363,567,000 for the fiscal year 1990.*

* * * * * * *

SEC. 2604. (a)–(b) * * *

(c) Of the funds available to each State under subsection (a), a reasonable amount based on data from prior years shall be reserved until March 15 of each program year by each State for energy crisis intervention. The program for which funds are reserved by this subsection shall be administered by public or nonprofit entities which have experience in administering energy crisis programs under the Low-Income Energy Assistance Act of 1980, or under this Act, experience in assisting low-income individuals in the area to be served, and the capacity to undertake a timely and effective energy crisis intervention program. *Such entities shall include community-based organizations (such as agencies on aging or community action programs).*

(d)(1) If, with respect to any State, the Secretary—

(A) receives a request from the governing organization of an Indian tribe within the State that assistance under this title be made directly to such organization; and

(B) determines that the members of such tribe would be better served by means of grants made directly to provide benefits under this title;

the Secretary shall reserve from amounts which would otherwise be payable to such State from amounts allotted to it under this title for the fiscal year involved the amount determined under paragraph (2).

(2) The amount determined under this paragraph for a fiscal year is the amount which bears the same ratio to the amount which would (but for this subsection) be allotted to such State under this title for such fiscal year (other than by reason of section 2607(b)(2)) as the number of Indian households described in subparagraphs (A) and (B) of section 2605(b)(2) [in such State with respect to which a determination under this subsection is made] *and residing within the State on the reservation of the tribes or on trust lands adjacent to such reservation* bears to the number of all households described in subparagraphs (A) and (B) of section 2605(b)(2) in such State [.] *or such greater amount as the Indian tribe and the State may agree upon. In cases where a tribe has no reservation, the Secretary, in consultation with the tribe and the State, shall define the number of Indian households for the determination under this paragraph.*

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APPLICATIONS AND REQUIREMENTS

SEC. 2605. (a) * * *

(b) As part of the annual application required by subsection (a), the chief executive officer of each State shall certify that the State agrees to—

(1) use the funds available under this title for the purposes described in section 2602(a) and otherwise in accordance with the requirements of this title, and agrees not to use such funds for any payments other than payments specified in this section;

(2) make payments under this title only with respect to—

(A) households in which 1 or more individuals are receiving—

(i) aid to families with dependent children under the State's plan approved under part A of title IV of the Social Security Act (other than such aid in the form of foster care in accordance with section 408 of such Act);

(ii) supplemental security income payments under title XVI of the Social Security Act;

(iii) food stamps under the Food Stamp Act of 1977; or

(iv) payments under section 415, 521, 541, or 542 of title 38, United States Code, or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or

(B) households with incomes which do not exceed the greater of—

(i) an amount equal to 150 percent of the poverty level for such State; or

(ii) an amount equal to 60 percent of the State median income;

except that no household may be excluded from eligibility under this subclause for payments under this title for fiscal year 1986 and thereafter if the household has an income which is less than 110 percent of the poverty level for such State for such fiscal year;

(3) conduct outreach activities designed to assure that eligible households, especially households with elderly individuals or handicapped individuals, or both, are made aware of the assistance available under this title, and any similar energy-related assistance available under subtitle B of title VI (relating to community services block grant program) or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(4) coordinate its activities under this title with similar and related programs administered by the Federal Government and such State, particularly low-income energy-related programs under subtitle B of title VI (relating to community services block grant program), under the supplemental security income program, under part A of title IV of the Social Security Act, under title XX of the Social Security Act, under the low-income weatherization assistance program under title IV of the

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Energy Conservation and Production Act, or under any other provision of law which carries out programs which were administered under the Economic Opportunity Act of 1964 before the date of the enactment of this Act;

(5) provide, [in a manner consistent with the efficient and timely payment of benefits,] that the highest level of assistance will be furnished to those households which have the lowest incomes and the highest energy costs in relation to income, taking into account family size, *assure that the neediest households receive the maximum assistance, and provide timely and efficient payment of benefits* except that the State may not differentiate in implementing this section between the households described in clause (2)(A) and (2)(B) of this subsection;

(6) to the extent it is necessary to designate local administrative agencies in order to carry out the purpose of this title, give special consideration, in the designation of such agencies, to any local public or private nonprofit agency which was receiving Federal funds under any low-income energy assistance program or weatherization program under the Economic Opportunity Act of 1964 or any other provision of law on the day before the date of the enactment of this Act, except that—

(A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and

(B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, then the State shall give special consideration in the designation of local administrative agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds for the fiscal year preceding the fiscal year for which the determination is made;

SEC. 2605. (b)(7)–(13) * * *

[(14) describe the procedures by which households in the State are identified as eligible to participate under this title and the manner in which the State determines benefit levels;

[(15) describe the amount that the State will reserve in accordance with section 2604(c) in each fiscal year for energy crisis intervention activities together with the administrative procedures (A) for designating an emergency, (B) for determining the assistance to be provided in any such emergency, and (C) for the use of funds reserved under such section for the purposes under this title in the event any portion of the amount so reserved is not expended for emergencies.

[(16) describe energy usage and the average cost of home energy in the State, identified by type of fuel and by region of the State, and]

[(17)] *(14)* cooperate with the Secretary with respect to data collecting and reporting under section 2610.

The Secretary may not prescribe the manner in which the States will comply with the provisions of this subsection. The Secretary shall issue regulations to prevent waste, fraud, and abuse in the programs assisted by this title.

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(c)(1) As part of the annual application required in subsection (a), the chief executive officer of each State shall prepare and furnish to the Secretary, in such format as the Secretary may require, a plan which—

(A) [describes how the State will carry out the assurances required under subsection (b);] *describes the eligibility requirements to be used by the State for each type of assistance to be provided under this title, including criteria for designating an emergency under section 2604(c);*

(B) [contains estimates of the amount of funds the State will use for each of the programs under such plan;] *describes the benefit levels to be used by the States for each type of assistance including assistance to be provided for emergency crisis intervention and for weatherization and other energy-related home repair;*

(C) [describes the eligibility requirements to be used by the State for each type of assistance to be provided under this title;] *contains estimates of the amount of funds the State will use for each of the programs under such plan and describes the alternative use of funds reserved under section 2604(c) in the event any portion of the amount so reserved is not expended for emergencies;*

(D) [describes weatherization and other energy-related home repair the State will provide under subsection (k); and] *describes weatherization and other energy-related home repair the State will provide under subsection (k);*

(E) [contains any other information determined by the Secretary to be appropriate for purposes of this title.

The chief executive officer may revise any plan prepared under this paragraph and shall furnish the revised plan to the Secretary.] *describes how the State will carry out assurances in clauses (3), (4), (5), (6), (7), (8), (10), (12), and (13), of subsection (b); and*

(F) contains any other information determined by the Secretary to be appropriate for purposes of this title.

(2) Each plan prepared under paragraph (1) and each substantial revision thereof shall be made available for public inspection within the State involved in such a manner as will facilitate review of, and comment upon, such plan or substantial revision.

(d) The State shall expend funds in accordance with the State plan under this title or in accordance with revisions applicable to such plan.

(e) Each State shall, in carrying out the requirements of subsection (b)(10) obtain financial and compliance audits of any funds which the State redeives under this title. Such audits shall be made public within the State on a timely basis. The audits shall be conducted at least every two years by an organization or person independent of any agency administering activities under this title. The audits shall be conducted in accordance with the Comptroller General's standards for audits of governmental organizations, programs, activities, and functions. Within 30 days after completion of each audit, the chief executive officer of the State shall submit a copy of the audit to the legislature of the State and to the Secretary.

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(f)(1) Notwithstanding any other provision of law unless enacted in express limitation of this paragraph, the amount of any home energy assistance payments or allowances [provided to] *provided directly to, or indirectly for the benefit of,* an eligible household under this title shall not be considered income or resources of such household (or any member thereof) for any purpose under any Federal or State law, including any law relating to taxation, food stamps, public assistance, or welfare programs.

(2) In carrying out the provisions of paragraph (1), for purposes of determining any excess shelter expense deduction under section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e))—

(A) the full amount of such payments or allowances shall be deemed to be expended by such household for heating or cooling expenses, without regard to whether such payments or allowances are provided directly to, or indirectly for the benefit of, such household; and

(B) no distinction may be made among households on the basis of whether such payments or allowances are provided directly to, or indirectly for the benefit of,

The amendments made by this section shall become effective on October 1, 1986, or on the date of the enactment of this Act, whichever is later.

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SUBTITLE B—COMMUNITY SERVICES BLOCK GRANT PROGRAM

SHORT TITLE

SEC. 671. This subtitle may be cited as the "Community Services Block Grant Aid".

COMMUNITY SERVICES GRANTS AUTHORIZED

SEC. 672. (a) The Secretary is authorized to make grants in accordance with the provisions of this subtitle, to States to ameliorate the causes of poverty in communities within the State.

(b) There is authorized to be appropriated [$389,375,000 for the fiscal year 1982 and for each of the 4 succeeding fiscal years to carry out the provisions of this subtitle. There is authorized to be appropriated $400,000,000 for the fiscal year 1985, and $415,000,000 for the fiscal year 1986, to carry out the provisions of this subtitle.] *$381,409,000 for the fiscal year 1987, $392,851,000 for the fiscal year 1988, $404,636,000 for the fiscal year 1989, and $416,775,000 for the fiscal year 1990, to carry out the provisions of this subtitle.*

DEFINITIONS

SEC. 673. For purposes of this subtitle:

(1) The term "eligible entity" means any organization which was officially designated as a community action agency or a community action program under the provisons of section 210 of the Economic Opportunity Act of 1964 for fiscal year 1981, *or which came into existence during fiscal year 1982 as a direct successor in interest to such a community action agency or com-*

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munity action program and meets all the requirements under section 675(c)(3) of this Act with respect to the composition of the board unless such community action agency or a community action program lost its designation under section 210 of such Act as a result of a failure to comply with the provisions of such Act. The term "eligible entity" also includes any limited purpose agency designated under title II of the Economic Opportunity Act of 1964 for fiscal year 1981 which served the general purposes of a community action agency under title II of such Act, unless such designated agency lost its designation under title II of such Act as a result of a failure to comply with the provisions of such Act, any grantee which received financial assistance under section 222(a)(4) of the Economic Opportunity Act of 1964 in fiscal year 1981, and any organization to which a State which applied for and received a waiver from the Secretary under Public Law 98–139 made a grant under this Act in fiscal year 1984. In any geographic area of a State not presently served by an eligible entity, the Governor of the State may decide to serve such a new area by—

* * * * * * *

APPLICATIONS AND REQUIREMENTS

SEC. 675. (a)–(b) * * *

(c) As part of the annual application required by subsection (a), the chief executive officer of each State shall certify that the State agrees to—

(1) use the funds available under this subtitle—

(A) to provide a range of services and activities having a measurable and potentially major impact on causes of poverty in the community or those areas of the community where poverty is a particularly acute problem;

(B) to provide activities designed to assist low-income participants including the elderly poor—

(i) to secure and retain meaningful employment;

(ii) to attain an adequate education;

(iii) to make better use of available income;

(iv) to obtain and maintain adequate housing and a suitable living environment;

(v) to obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing, and employment-related assistance;

(vi) to remove obstacles and solve problems which block the achievement of self-sufficiency;

(vii) to achieve greater participation in the affairs of the community; and

(viii) to make more effective use of other programs related to the purposes of this subtitle;

(C) to provide on an emergency basis for the provision of such supplies and services, nutritious foodstuffs, and related srvices, as may be necessary to counteract conditions of starvation and malnutrition among the poor;

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(D) to coordinate and establish linkages between governmental and other social services programs to assure the effective delivery of such services to low-income individuals; and

(E) to encourage the use of entities in the private sector of the community in efforts to ameliorate poverty in the community;

(2)(A) use, for fiscal year 1985 and for each subsequent fiscal year, not less than 90 percent of the funds alloted to the State under section 674 to make grants to use for the purposes described in clause (1) to eligible entities (as defined in section 673(1)) or to organizations serving seasonal or migrant farmworkers, except that no more than 7 percent of the funds available for this subclause shall be granted to organizations which were not eligible entities during the previous fiscal year; and

(B) provide assurances that the State will not expend more than the greater of $55,000 or 5 percent of its allotment under section 674 for administrative expenses at the State level;

(3) provide assurances that, in the case of a community action agency or nonprofit private organization, each board will be constituted so as to assure that (A) one-third of the members of the board are elected public officials, currently holding office, or their representatives, except that if the number of elected officials reasonably available and willing to serve is less than one-third of the membership of the board, membership on the board of appointive public officials may be counted in meeting such one-third requirement; (B) at least one-third of the members are persons chosen in accordance with democratic selection procedures adequate to assure that they are representative of the poor in the area served; and (C) the remainder of the members are officials or members of business, industry, labor, religious, welfare, education, or other major groups and interests in the community;

(4) give special consideration in the designation of local community action agencies under this subtitle to any commmunity action agency which is receiving funds under any Federal antipoverty program on the date of the enactment of this Act, except that (A) the State shall, before giving such special consideration, determine that the agency involved meets program and fiscal requirements established by the State; and (B) if there is no such agency because of any change in the assistance furnished to programs for economically disadvantaged persons, the State shall give special consideration in the designation of community action agencies to any successor agency which is operated in substantially the same manner as the predecessor agency which did receive funds in the fiscal year preceding the fiscal year for which the determination is made;

[(5) provide assurance, that the State may transfer funds, but not to exceed 5 percent of the allotment under section 674, for the provisions set forth in this subtitle to services under the Older Americans Act of 1965, the Head Start program under subchapter B of chapter 8 of subtitle A of this title, the energy crisis intervention program under title XXVI of this

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Act (relating to low-income home energy assistance), or the Temporary Emergency Food Assistance Act of 1983;]

(5) provide assurances that the State may transfer funds, but not to exceed 5 percent of its allotment under section 674, to increase the level of assistance otherwise available to eligible entities under this subtitle, to support services under the Older Americans Act of 1965, the Head Start program under subchapter B of chapter 8 of subtitle A of this title, the energy crisis intervention program under title 26 of this Act (relating to low-income home energy assistance), or the Temporary Emergency Food Assistance Act of 1983, or to provide assistance for State awarded discretionary grants to contribute to the goals of this subchapter to address the causes of poverty, except that the State may not transfer any funds which would diminish the requirement of the State under clause (2)(A) of this subsection;

(6) prohibit any political activities in accordance with subsection (e);

(7) prohibit any activities to provide voters and prospective voters with transportation to the polls or provide similar assistance in connection with an election or any voter registration activity;

(8) provide for coordination between antipoverty programs in each community, where appropriate, with emergency energy crisis intervention programs under title XXVI of this Act (relating to low-income home energy assistance) conducted in such community;

(9) provide that fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursal of and accounting for Federal funds paid to the State under this subtitle, including procedures for monitoring the assistance provided under this subtitle, and provide that at least every year each State shall prepare, in accordance with subsection (f), an audit of its expenditutes of amounts received under this subtitle and amounts transferred to carry out the purposes of this subtitle;

(10) permit and cooperate with Federal investigations undertaken in accordance with section 679; and

(11) provide assurances that any community action agency or migrant and seasonal farmworker organization which received funding in the previous fiscal year under this Act will not have its present or future funding terminated under this Act unless after notice, and opportunity for hearing on the record, the State determines that cause existed for such termination subject to *the procedures and* review by the Secretary as provided in section 676A.

The Secretary may not prescribe the manner in which the States will comply with the provisions of this subsection. The Secretary shall provide to the chief executive officer of each State appropriate information regarding designated limited purpose agencies and grantees which meet the requirements of the second sentence of section 673(1) [No eligible entity which receives funds for a project or activity under clause (2)(A)(i) of this subsection may receive funds otherwise available under this subtitle for that project or activity.]

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(d)(1) In addition to the requirements of subsection (c), the chief executive officer of each State shall prepare and furnish to the Secretary a plan which contains provisions describing how the State will carry out the assurances contained in subsection (c). The chief executive officer of each State may revise any plan prepared under this paragraph and shall furnish the revised plan to the Secretary.

(2) Each plan prepared under paragraph (1) shall be made available for public inspection within the State in such a manner as will facilitate review of, and comment on, the plan.

(e) For purposes of chapter 15 of title 5, United States Code, any nonprofit private organization receiving assistance under this subtitle which has responsibility for planning, developing, and coordinating community antipoverty programs shall be deemed to be a State or local agency. For purposes of clauses (1) and (2) of section 1502(a) of such title, any such organization receiving assistance under this subtitle shall be deemed to be a State or local agency.

(f) Each audit required by subsection (c)(9) shall be conducted by an entity independent of any agency administering activities or services carried out under this subtitle and shall be conducted in accordance with generally accepted accounting principles. Within 30 days after the completion of each audit, the chief executive officer of the State shall submit a copy of such audit to the legislature of the State and to the Secretary.

(g) The State shall repay to the United States amounts found not to have been expended in accordance with this subtitle or the Secretary may offset such amounts against any other amount to which the State is or may become entitled under this subtitle.

(h) The Comptroller General of the United States shall, from time to time, evaluate the expenditures by States of grants under this subtitle in order to assure that expenditures are consistent with the provisions of this subtitle and to determine the effectiveness of the State in accomplishing the purpose of this subtitle.

[(i)(1) For purposes of determining compliance with this subchapter the Secretary shall conduct, in several States in each fiscal year, evaluations of the uses made of funds received under this subchapter by such States.

[(2) The results of such evaluations shall be submitted annually to the chairman of the Committee on Education and Labor of the House of Representatives and the chairman of the Committee on Labor and Human Resources of the Senate.]

ADMINISTRATION

SEC. 676. (a) There is established in the Department of Health and Human Services an Office of Community Services. The Office shall be headed by a Director.

(b) The Secretary shall carry out his functions under this subtitle through the Office of Community Services established in subsection (a).

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[TERMINATION OF FUNDING REVIEW]

PROCEDURES FOR A REVIEW OF TERMINATION OF FUNDING

SEC. 676A. (a) Whenever a State violates the assurances contained in section 675(c)(11) and terminates the funding of a community action agency or migrant and seasonal farmworker organization prior to the completion of the State's hearing and the Secretary's review as required in section 679 of this Act, the Secretary shall assume responsibility for providing financial assistance to the community action agency or migrant and seasonal farmworker organization affected.

SEC. 676A. [*b*] The Secretary shall upon request review any termination of funding to a community action agency or migrant and seasonal farmworker organization protected by a State's assurance under section 675(c)(11). Such review shall be conducted promptly and shall be based upon the record and no determination shall become effective until a finding by the Secretary confirming the State's finding of cause.

(c) The Secretary shall conduct the review through the Office of Community Services, which shall promptly conduct such review and issue a written determination together with the reasons of the Secretary therefor.

WITHHOLDING

SEC. 679. (a)(1) The Secretary shall, after adequate notice and an opportunity for a hearing conducted within the affected State, withhold funds from any State which does not utilize its allotment substantially in accordance with the provisions of this subtitle and the assurances such State provided under section 675.

(2) The Secretary shall respond in an expeditious and speedy manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the provisions of this subtitle or the assurances provided by the State under section 675. For purposes of this pargraph, a violation of any one of the assurances contained in section 675(c) that constitutes a disregard of that assurance shall be coinsidered a serious complaint.

(b)(1) The Secretary shall conduct in several States in each fiscal year *evaluations and* investigations of the use of funds received by the States under this subtitle in order to evaluate compliance with the provisions of this subtitle [.] , *and especially with respect to compliance with sections 672(a), 675(b), and (c)(1) through (11). Such evaluation shall include identifying the impact that assistance furnished under this subtitle has on children, homeless families, and the elderly poor. A report of the evaluation, together with recommendations of improvements designed to enhance the benefit and impact to people in need, will be sent to each State evaluated. Upon receiving the report the State will then submit a plan of action in response to the recommendation contained in the report. The results of such evaluation shall be submitted annually to the Chairman of the Committee on Education and Labor of House of Representatives*

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and the Chairman of the Committee of Labor and Human Resources of the Senate.

* * * * * * *

LIMITATION ON USE OF GRANTS FOR CONSTRUCTION

SEC. 680. (a) Except as provided in subsection (b), grants made under this subtitle (other than amounts made available under section 681(b)) may not be used by the State, or by any other person with which the States makes arrangements to carry out the purposes of this subtitle, for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility.

(b) The Secretary may waive the limitation contained in subsection (a) upon the State's request for such waiver if he finds that the request describes extraordinary circumstances to justify the purchase of land or the construction of facilities (or the making of permanent improvements) and that permitting the waiver will contribute to the State's ability to carry out the purposes of this subtitle.

DISCRETIONARY AUTHORITY OF SECRETARY

SEC. 681. (a) The Secretary [is authorized, either directly or through] *is authorized to make* grants, loans, or guarantees to States and public agencies and private and nonprofit organizations or *to enter into* contracts or jointly financed cooperative arrangements with States and public agencies and private nonprofit organizations, to provide for—

(1) training related to the purposes of this subtitle[;] *including national conferences, newsletters, and collection and dissemination of data about programs and projects assisted under this subtitle;*

(2) ongoing activities of national or regional significance related to the purposes of this subtitle, including special emphasis programs for—

(A) special programs of assistance [to private, locally initiated community development programs which sponsor enterprises providing employment and business development opportunities for low-income residents of the area;] *awarded on a competitive basis, to private, locally initiated, nonprofit community development corporations, (or affiliates of such corporations) governed by a board consisting of residents of the community and business and civic leaders, which sponsor enterprises providing employment and business development opportunities for low-income residents of the community designed to increase business and employment opportunities in the community;*

(B) Rural Development Loan Fund revolving loans and guarantees under subchapter A of chapter 8 of subtitle A of this title[;] *except that loans to borrowers made after the date of enactment of the Food Security Act of 1985 and prior to the date of enactment of the Human Services Reau-*

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thorization Act of 1986 shall be transferred to and administered by the Secretary of Agriculture subject to the provisions of the Food Security Act of 1985;

(C) community development credit union programs administered under subchapter A of chapter 8 of subtitle A of this title;

(D) technical assistance and training programs in rural housing and community facilities development[;] *with special priority to rural community assistance programs.*

* * * * * * *

COMMUNITY FOOD AND NUTRITION

SEC. 681A. (a) The Secretary may through grants to public and private nonprofit agencies, provide for community-based, local, and statewide programs—

(1) to coordinate existing private and public food assistance resources, whenever such coordination is determined to be inadequate, to better serve low-income populations;

(2) to assist low-income communities to identify potential sponsors of child nutrition programs and to initiate new programs in underserved or unserved areas; and

(3) to develop innovative approaches at the State and local level to meet the nutrition needs of low-income people.

(b)(1) The Secretary shall appoint an Advisory Panel consisiting of nine members which shall be convened to develop and hold a national conference designed to promote a full exchange of information on past approaches to the problems of poverty in the formulation of innovative plans for future methods of attacking the causes of poverty and the encouragement of self-sufficiency of the poor in the United States.

(2) The membership of the Advisory Panel shall consist of—

(A) three members elected by the directors of eligible entities receiving assistance under this subtitle;

(B) two representative selected by the National Association of State Community Service Programs;

(C) one member of the Office of Community Services appointed by the Secretary;

(D) one member appointed by the Secretary; and

(E) two members elected by the members of the panel described in clauses (A) through (D) before the first meeting of the Advisory Panel.

The two members of the Advisory Panel selected under clause (E) shall represent nonprofit eleemosynary organizations, members of academic community, or charitable foundations, and have a history of involvement in self-sufficiency programs for the poor, the elimination of the causes of poverty, or the study of the underpinnings of poverty.

(3) The Secretary shall from amounts appropriated for administrative expenses for the Department, reserve $100,000 to carry out the provisions of this subsection.

(c)(1) The final reports on projects completed with assistance made under this section to be summarized and presented annually to the Chairman of the Committee on Education and Labor of the House

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of Representatives and the Chairman of the Committee on Labor and Human Resources of the Senate. The report shall contain a list of grantees who have received funds under this section outside of the competitive process.

(2) The Secretary shall, at the end of each fiscal year, prepare and distribute a catalog listing all the projects assisted under clause (A) of subsection (a)(2) in that year. The catalog shall include—

(A) a description of each project;

(B) an identification of the agency receiving the award, including the name and address of the principal investigator;

(C) a description of the project objectives; and

(D) a statement of the accomplishments of the project.

[(b)**]** *(d)* There is authorized to be appropriated $2,500,000 for each of the fiscal years **[**1985 and 1986**]** *1987, 1988, and 1989 to carry out the provisions of this section.*

* * * * * * *

DEMONSTRATION PARTNERSHIP AGREEMENTS ADDRESSING THE NEEDS OF THE POOR

SEC. 406. (a) GENERAL AUTHORITY.—(1) In order to provide for the self-sufficiency of the Nation's poor, the Secretary may make grants from funds appropriated pursuant to subsection (e) to eligible entities for the development and implementation of new and innovative approaches to deal with particularly critical needs or problems of the poor which are common to a number of communities. Grants may be made only with respect to applications which—

(A) involve activities which can be incorporated into or be closely coordinated with eligible entities' ongoing programs;

(B) involve significant new combinations of resources or new and innovative approaches involving partnership agreements; or

(C) are structured in a way that will, within the limits of the type of assistance or activities contemplated, most fully and effectively promote the purposes of the Community Services Block Grant Act.

(2) No grant may be made under this section unless an application is submitted to the Secretary at such time, in such manner, and containing or accompanied by such information, as the Secretary may require.

(B) FEDERAL SHARE; LIMITATIONS.—(1) Grants awarded pursuant to this section shall be used for new programs and shall not exceed 50 per centum of the cost of such new programs.

(2) Non-Federal contributions may be in cash or in kind, fairly evaluated, including but not limited to plant, equipment, or services.

(3) No more than one grant may be made to any eligible entity and no grant may exceed $250,000.

(4) No application may be approved for assistance under this section unless the Secretary is satisfied that—

(A) the activities to be carried out under the application will be in addition to, and not in substitution for, activities previously carried on without Federal assistance; and

(B) funds or other resources devoted to programs designed to meet the needs of the poor within the community, area, or State

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will not be diminished in order to provide the matching contributions required under this section.

(c) DISSEMINATION OF RESULTS.—As soon as practicable, but no later than 90 days after the expiration of any grant awarded under this section, the Secretary shall prepare and make available upon request to each State and eligible entity descriptions of the demonstration programs assisted under this section, any relevant information developed and results achieved, so as to provide models for innovative programs to other eligible entities.

(d) DEFINITIONS.—As used in this section, the term—

(1) "eligible entity" has the same meaning given that term by section 673(1) of the Community Services Block Grant Act; and

(2) "Secretary" means the Secretary of Health and Human Services.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 for each of the fiscal years 1987, 1988, and 1989, to carry out this section.

TITLE V—CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIP ASSISTANCE PROGRAM

SHORT TITLE

SEC. 501. This Act may be cited as the "Child Development Associate Scholarship Assistance Act of 1985".

GRANTS AUTHORIZED

SEC. 502. The Secretary is authorized to make a grant for any fiscal year to any State receiving a grant under title XX of the Social Security Act for such fiscal year to enable such State to award scholarships to eligible individuals within the State who are candidates for the Child Development Associate credential.

APPLICATIONS

SEC. 503. (a) APPLICATION REQUIRED.—A State desiring to participate in the grant program established by this title shall submit an application to the Secretary in such form as the Secretary may require.

(b) CONTENTS OF APPLICATIONS.—A State's application shall contain appropriate assurances that—

(1) scholarship assistance made available with funds provided under this title will be awarded—

(A) only to eligible individuals,

(B) on the basis of the financial need of such individuals, and

(C) in amounts sufficient to cover the cost of application, assessment, and credentialling for the Child Development Associate credential for such individuals; and

(2) not more than 10 percent of the funds received by the State under this title will be used for the costs of administering the program established in such State to award such assistance.

(c) EQUITABLE DISTRIBUTION.—In making grants under this title, the Secretary shall—

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(1) distribute such grants equitably among States in the various regions of the Nation, and

(2) ensure that the needs of rural and urban areas are appropriately addressed.

DEFINITIONS

SEC. 504. As used in this title—

(1) "eligible individual" means a candidate for the Child Development Associate credential whose income does not exceed the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), by more than 50 percent;

(2) "Secretary" means the Secretary of Health and Human Services;

(3) "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

ADMINISTRATIVE PROVISIONS

SEC. 505. (a) REPORTING.—Each State receiving grants under this title shall annually submit to the Secretary information on the number of eligible individuals assisted under the grant program, and their positions and salaries before and after receiving the Child Development Associate credential.

(b) PAYMENTS.—Payments pursuant to grants made under this title may be made in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments, as the Secretary may determine.

AUTHORIZATION OF APPROPRIATIONS

SEC. 506. There are authorized to be appropriated $1,500,000 for the fiscal year 1987 and for each succeeding fiscal year ending prior to October 1, 1990, for carrying out the provisions of this title.

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